

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

UNITED STATES OF AMERICA, )  
 ) CR-18-00258-EJD  
 PLAINTIFF, )  
 ) SAN JOSE, CALIFORNIA  
 VS. )  
 ) APRIL 19, 2022  
 RAMESH "SUNNY" BALWANI, )  
 ) VOLUME 19  
 DEFENDANT. )  
 ) PAGES 2842 - 3162  
 ) **SEALED PAGES 3143 - 3148**

TRANSCRIPT OF TRIAL PROCEEDINGS  
BEFORE THE HONORABLE EDWARD J. DAVILA  
UNITED STATES DISTRICT JUDGE

A P P E A R A N C E S:

FOR THE PLAINTIFF: UNITED STATES ATTORNEY'S OFFICE  
BY: JOHN C. BOSTIC  
JEFFREY B. SCHENK  
150 ALMADEN BOULEVARD, SUITE 900  
SAN JOSE, CALIFORNIA 95113

(APPEARANCES CONTINUED ON THE NEXT PAGE.)

OFFICIAL COURT REPORTERS:  
IRENE L. RODRIGUEZ, CSR, RMR, CRR  
CERTIFICATE NUMBER 8074  
LEE-ANNE SHORTRIDGE, CSR, CRR  
CERTIFICATE NUMBER 9595

PROCEEDINGS RECORDED BY MECHANICAL STENOGRAPHY  
TRANSCRIPT PRODUCED WITH COMPUTER

A P P E A R A N C E S: (CONT'D)

FOR DEFENDANT BALWANI: ORRICK, HERRINGTON & SUTCLIFFE LLP  
BY: MOLLY MCCAFFERTY  
SHAWN ESTRADA  
THE ORRICK BUILDING  
405 HOWARD STREET  
SAN FRANCISCO, CALIFORNIA 94105

BY: JEFFREY COOPERSMITH  
AARON BRECHER  
AMANDA MCDOWELL  
701 FIFTH AVENUE, SUITE 5600  
SEATTLE, WASHINGTON 98104

BY: STEPHEN CAZARES  
77 SOUTH FIGUEROA STREET, SUITE 3200  
LOS ANGELES, CALIFORNIA 90017

BY: AMY WALSH  
51 W 52ND STREET  
NEW YORK, NEW YORK 10019

ALSO PRESENT:

OFFICE OF THE U.S. ATTORNEY  
BY: MADDI WACHS, PARALEGAL  
SARA SLATTERY, PARALEGAL

ORRICK, HERRINGTON & SUTCLIFFE  
JENNIFER CYGNOR, PARALEGAL

PROLUMINA  
BY: COREY ALLEN  
2200 SIXTH AVENUE, SUITE 425  
SEATTLE, WASHINGTON 98121

UNITED STATES POSTAL INSPECTION SERVICE  
BY: CHRISTOPHER MCCOLLOWS

FEDERAL BUREAU OF INVESTIGATION  
BY: MARIO C. SCUSSEL

UNITED STATES FOOD & DRUG  
ADMINISTRATION  
BY: GEORGE SCAVDIS

INDEX OF PROCEEDINGS

GOVERNMENT'S:

**NIMESH JHAVERI**

DIRECT EXAM BY MR. SCHENK

P. 2880

CROSS-EXAM BY MR. COOPERSMITH

P. 2990

INDEX OF EXHIBITS

IDENT. EVIDENCE

GOVERNMENT'S

617	2898
966	2915
1113	2921
1254	2925
1387	2930
3755	2935
1711	2942
1755	2955
1884	2957
1896	2959
1909	2962
2214	2965
2275	2967
1673	3057
1708	3061
1861	3091
1891	3136

DEFENDANT'S

20531	3006
20532	3010
20432	3045
20234	3074
20228	3102

1 SAN JOSE, CALIFORNIA

APRIL 19, 2022

2 P R O C E E D I N G S

08:34AM 3 (COURT CONVENED AT 8:34 A.M.)

08:34AM 4 (JURY OUT AT 8:34 A.M.)

08:34AM 5 THE COURT: WE ARE ON THE RECORD IN THE BALWANI  
08:34AM 6 MATTER. ALL COUNSEL ARE PRESENT. MR. SCHENK, MR. BOSTIC, ALL  
08:34AM 7 DEFENSE COUNSEL ARE PRESENT. MR. BALWANI IS PRESENT.

08:34AM 8 WE'RE OUTSIDE OF THE PRESENCE OF THE JURY. A COUPLE OF  
08:35AM 9 MATTERS HAVE COME UP.

08:35AM 10 DOCUMENT 1407 WAS FILED 12 HOURS AGO. I DON'T KNOW --  
08:35AM 11 HAVE YOU HAD A CHANCE TO REVIEW THAT?

08:35AM 12 MR. BOSTIC: YES, YOUR HONOR.

08:35AM 13 THE COURT: OKAY. THANK YOU.

08:35AM 14 THAT'S IN RELATION TO DEFENSE FILING. THAT WAS DOCKET  
08:35AM 15 1401, WAS IT?

08:35AM 16 YES, 1401, MOTION TO ALLOW THE EXAMINATION OF  
08:35AM 17 DR. ROSENDORFF.

08:35AM 18 1405 WAS THE OPPOSITION, WHICH I BELIEVE WAS FILED  
08:35AM 19 YESTERDAY MORNING, MONDAY MORNING.

08:35AM 20 AND THEN, AS I SAID, A REPLY WAS FILED ABOUT 12 HOURS AGO  
08:35AM 21 FROM THE DEFENSE REGARDING THE SAME ISSUE.

08:35AM 22 I'VE SCANNED THIS. IT'S TEN PAGES. I'VE SCANNED IT. I  
08:36AM 23 HAVEN'T DONE ANY IN-DEPTH REVIEW OF IT.

08:36AM 24 ALSO FILED, I THINK YESTERDAY AFTERNOON, ABOUT 2:30, IS  
08:36AM 25 1406, WHICH IS A MOTION FOR A CURATIVE INSTRUCTION.

08:36AM 1 LET'S TALK ABOUT THAT FIRST. IS THE GOVERNMENT READY TO  
08:36AM 2 TALK ABOUT THAT?

08:36AM 3 MR. BOSTIC: YES, YOUR HONOR.

08:36AM 4 THE COURT: THIS IS 1406. I DON'T THINK YOU'VE  
08:36AM 5 FILED A WRITTEN RESPONSE TO THIS.

08:36AM 6 YOU'VE READ THIS, MR. BOSTIC?

08:36AM 7 MR. BOSTIC: YES, YOUR HONOR.

08:36AM 8 THE COURT: 1406?

08:36AM 9 MR. BOSTIC: YES, YOUR HONOR.

08:36AM 10 THE COURT: WHAT WOULD YOU LIKE ME TO KNOW IN  
08:36AM 11 REGARDS TO 1406?

08:36AM 12 MR. BOSTIC: SO, YOUR HONOR, IN REGARDS TO THE  
08:36AM 13 DEFENSE'S REQUEST, THE -- THE GOVERNMENT OPPOSES THE REQUEST.

08:36AM 14 AND THE GOVERNMENT HAS SOME CONCERNS WITH THE DEFENSE'S  
08:36AM 15 INVITATION THAT THE COURT AUGMENT THE RECORD IN THIS CASE WITH  
08:36AM 16 HEARSAY STATEMENTS FROM A NONTESTIFYING WITNESS.

08:36AM 17 OF COURSE THE MODEL OF THE JURY TRIAL IS THAT THE JURY  
08:36AM 18 SHOULD RECEIVE EVIDENCE FROM WITNESSES WHO TESTIFY WHO ARE  
08:37AM 19 UNDER OATH, AND FROM ADMISSIBLE DOCUMENTS.

08:37AM 20 THE BIGGER PROBLEM WITH THE DEFENSE'S REQUEST IS THAT IT'S  
08:37AM 21 PREMISED ON KIND OF BROAD REPRESENTATIONS ABOUT FACTS THAT ARE  
08:37AM 22 SUPPOSEDLY NOT IN DISPUTE AND ABOUT CLAIMS OR IMPLICATIONS BY  
08:37AM 23 THE GOVERNMENT THAT AREN'T SUPPORTED BY EVIDENCE.

08:37AM 24 THOSE ARGUMENTS BY THE DEFENSE SIMPLY AREN'T ACCURATE.

08:37AM 25 I'D LIKE TO HAND UP SOMETHING TO THE COURT. I'LL HAND

08:37AM 1 OVER A COPY TO DEFENSE COUNSEL AS WELL (HANDING.)

08:37AM 2 I'VE HANDED TO THE COURT A COPY OF A DECEMBER 2021 302  
08:37AM 3 MEMORIALIZING AN INTERVIEW WITH A WITNESS NAMED KEVIN HUNTER  
08:37AM 4 WHO WAS A CONSULTANT HIRED BY WALGREENS DURING THE RELEVANT  
08:37AM 5 TIME PERIOD LEADING UP TO THE LAUNCH.

08:37AM 6 AND SO JUST TO ZOOM OUT FOR A SECOND. THE DEFENSE HAS  
08:38AM 7 ESSENTIALLY ACCUSED THE GOVERNMENT OF BAD FAITH IN ASKING  
08:38AM 8 QUESTIONS OF MR. EDLIN AS TO WHETHER THE DEVICE SENT TO  
08:38AM 9 WALGREENS, OR DEVICES SENT TO WALGREENS, WERE CAPABLE OF  
08:38AM 10 ACTUALLY RUNNING TESTS AND WHAT THEY COULD BE USED FOR.

08:38AM 11 AS IT TURNS OUT, MR. EDLIN DIDN'T HAVE INFORMATION ON THAT  
08:38AM 12 SPECIFIC POINT. WE HADN'T SPOKEN TO MR. EDLIN ABOUT THAT  
08:38AM 13 BEFORE, SO WE DIDN'T KNOW WHAT HE WOULD SAY IN RESPONSE TO  
08:38AM 14 THAT.

08:38AM 15 BUT THE DEFENSE HAD ASKED MR. EDLIN ABOUT THOSE DEVICES ON  
08:38AM 16 CROSS, SO WE FELT IT NECESSARY TO EXPLORE THAT WITH HIM ON  
08:38AM 17 REDIRECT.

08:38AM 18 THE DEFENSE ACCUSES THE GOVERNMENT OF HAVING NO GOOD FAITH  
08:38AM 19 BASIS TO ASK ABOUT THE CAPABILITIES OF THE DEVICE SENT TO  
08:38AM 20 WALGREENS OR WHETHER THERANOS ENABLED WALGREENS'S USE AND  
08:38AM 21 ANALYSIS OF THAT DEVICE, BUT ACTUALLY THE REPORT THAT I'VE  
08:38AM 22 HANDED TO THE COURT PROVIDES JUST THAT GOOD FAITH BASIS, AND  
08:38AM 23 I'LL DIRECT THE COURT TO PAGE 3 OF 4 IN THAT REPORT, AND  
08:38AM 24 THERE'S A HIGHLIGHTED PARAGRAPH THAT MEMORIALIZES STATEMENTS BY  
08:39AM 25 MR. HUNTER TO THE EFFECT THAT WHEN THERANOS SENT WALGREENS TWO

08:39AM 1 DEVICES AT THE END OF 2010, THERANOS WOULD SEND WALGREENS  
08:39AM 2 REAGENTS WHICH WERE EITHER EXPIRED OR THOSE THAT COULD NOT BE  
08:39AM 3 USED TO VALIDATE THE TECHNOLOGY.

08:39AM 4 MR. HUNTER ALSO TOLD US THAT WALGREENS COULD NEVER GET THE  
08:39AM 5 INSTRUMENT TO WORK.

08:39AM 6 HE ALSO SAID THAT THERANOS PUT TAMPERPROOF TAPE ON THE  
08:39AM 7 DEVICE AND PROHIBITED WALGREENS FROM OPENING THE DEVICE.

08:39AM 8 THESE FACTS GIVEN TO US BY THIS WITNESS PROVIDED A GOOD  
08:39AM 9 FAITH BASIS FOR THE QUESTIONING THAT WE ENGAGED IN WITH  
08:39AM 10 MR. EDLIN AND I THINK DEFEAT OR PRECLUDE THE DEFENSE'S REQUEST  
08:39AM 11 FOR THIS CURATIVE INSTRUCTION THAT WOULD, AGAIN, BE ASKING THE  
08:39AM 12 COURT TO RELAY HEARSAY STATEMENTS TO THE JURY WITH THE  
08:39AM 13 IMPRIMATUR OF THE COURT IMPROPERLY.

08:39AM 14 THE COURT: THANK YOU.

08:39AM 15 WAS THIS 302, WAS THIS PROVIDED TO THE DEFENSE?

08:40AM 16 MR. BOSTIC: IT WAS, YOUR HONOR.

08:40AM 17 THE COURT: DO YOU KNOW WHEN APPROXIMATELY?

08:40AM 18 MR. BOSTIC: I THINK IT WOULD HAVE BEEN SHORTLY  
08:40AM 19 AFTER THIS INTERVIEW. SO I THINK IT WOULD HAVE BEEN LAST  
08:40AM 20 CALENDAR YEAR IN 2021.

08:40AM 21 THE COURT: OKAY. THANK YOU.

08:40AM 22 DO YOU HAVE A COPY OF THIS IN DISCOVERY? YOU WERE GIVEN  
08:40AM 23 IT THIS MORNING, BUT I PRESUME YOU HAD IT ALSO AND IT WAS  
08:40AM 24 DELIVERED TO YOU IN DISCOVERY?

08:40AM 25 MR. BRECHER: IT HAS A BATES NUMBER, YOUR HONOR, SO



08:40AM 1 I PRESUME SO, YES.

08:40AM 2 THE COURT: ALL RIGHT. WHAT DOES THIS DO TO YOUR  
08:40AM 3 CONCERNS?

08:40AM 4 MR. BRECHER: NOTHING WHATSOEVER, YOUR HONOR.

08:40AM 5 THE COURT: I SEE.

08:40AM 6 MR. BRECHER: MR. HUNTER LEFT THE THERANOS PROJECT  
08:40AM 7 LONG BEFORE WALGREENS HAD CONTINUED TO REMAIN IN POSSESSION OF  
08:40AM 8 THE DEVICE.

08:40AM 9 INDEED, AS THE DOCUMENTS THAT THE GOVERNMENT HAS, AND  
08:40AM 10 THERE ARE MANY, MANY EMAILS TO THIS EFFECT, SHOW THAT WALGREENS  
08:40AM 11 HAD THESE DEVICES UNTIL LATE 2012, THEY HAD THEM FOR YEARS.

08:40AM 12 MR. HUNTER IS ALSO IN NO POSITION TO SAY -- TO CONTRADICT  
08:40AM 13 DR. ROSAN'S SWORN, UNREBUTTED TESTIMONY THAT HE HAD ONE OF  
08:40AM 14 THESE WORKING DEVICES IN HIS PHYSICAL OFFICE. IT SAT ON HIS  
08:40AM 15 DESK FOR A YEAR. HE TESTED HIMSELF.

08:41AM 16 THIS DOCUMENT HAS NOTHING TO DO WITH OUR MOTION,  
08:41AM 17 YOUR HONOR (INDICATING).

08:41AM 18 AND AS FOR THE GOVERNMENT'S --

08:41AM 19 THE COURT: WHAT DOES THIS DO TO -- YOUR ARGUMENT,  
08:41AM 20 AS I UNDERSTAND IT, IS THAT THE GOVERNMENT WAS INAPPROPRIATE IN  
08:41AM 21 ASKING THAT QUESTION BECAUSE THEY KNEW BETTER.

08:41AM 22 MR. BRECHER: EXACTLY.

08:41AM 23 THE COURT: AND WE'VE TALKED ABOUT PEOPLE KNOWING  
08:41AM 24 THINGS BETTER IN THEIR QUESTIONS BEFORE, BUT DOESN'T THIS GIVE  
08:41AM 25 THE GOVERNMENT A GOOD FAITH BASIS FOR AT LEAST ASKING THAT

08:41AM 1  
08:41AM 2  
08:41AM 3  
08:41AM 4  
08:41AM 5  
08:41AM 6  
08:41AM 7  
08:41AM 8  
08:41AM 9  
08:41AM 10  
08:41AM 11  
08:41AM 12  
08:41AM 13  
08:41AM 14  
08:41AM 15  
08:42AM 16  
08:42AM 17  
08:42AM 18  
08:42AM 19  
08:42AM 20  
08:42AM 21  
08:42AM 22  
08:42AM 23  
08:42AM 24  
08:42AM 25

QUESTION?

MR. BRECHER: NOT WHEN WE'RE TALKING ABOUT DEVICES  
THAT DR. ROSAN HAD IN PHILADELPHIA FOR A YEAR.

THE COURT: WAS THAT THE QUESTION TO THE WITNESS?

MR. BRECHER: THE QUESTION WAS WHETHER THE DEVICE  
THAT WALGREENS HAD -- AND THE EMAIL WAS FAR LATER THAN  
MR. HUNTER'S INVOLVEMENT IN THIS PROJECT --

THE COURT: SO THE QUESTION TO THE WITNESS WAS?

MR. BRECHER: THE QUESTION TO THE WITNESS WAS, AND I  
HAVE THE PRECISE LANGUAGE HERE --

THE COURT: RIGHT.

MR. BRECHER: "DO YOU RECALL" --

THE COURT: SLOWLY.

MR. BRECHER: "DO YOU RECALL ANY OF THE DETAILS  
ABOUT WHEN THAT DEVICE WAS PROVIDED TO WALGREENS OR FOR WHAT  
PURPOSE?

"I DON'T."

THERE WERE ACTUALLY MANY DEVICES PROVIDED TO WALGREENS  
OVER A TWO YEAR SPAN.

THE COURT: UNDERSTOOD. BUT I'M JUST FOCUSSING ON  
THE QUESTION BEFORE.

BECAUSE, YOU KNOW, THE THING IS THAT WE ALL KNOW THERE'S A  
UNIVERSE OF OTHER INFORMATION OUT THERE, BUT THE JURY DOESN'T  
HAVE PRIVY TO THAT. THEY HAVE PRIVY TO THE COLLOQUY BETWEEN  
YOU AND YOUR COLLEAGUES AND YOUR COLLEAGUE OPPOSITES AND THE

08:42AM 1 WITNESS.

08:42AM 2 SO THAT'S WHAT I'M TRYING TO FOCUS ON IN YOUR SPECIFIC  
08:42AM 3 MOTION TALKING ABOUT THE INAPPROPRIATENESS OF ASKING THAT  
08:42AM 4 PARTICULAR QUESTION.

08:42AM 5 MR. BRECHER: AND THERE ARE TWO MORE THAT ARE FAR  
08:42AM 6 MORE INAPPROPRIATE, YOUR HONOR.

08:42AM 7 THE COURT: OKAY.

08:42AM 8 MR. BRECHER: "DO YOU KNOW, FOR EXAMPLE, WHETHER  
08:42AM 9 THAT DEVICE WAS CAPABLE OF RUNNING ANY ASSAYS?"

08:42AM 10 THERE WERE SEVERAL DEVICES, THEY WERE ALL CAPABLE OF  
08:42AM 11 RUNNING ASSAYS. MR. HUNTER IS IN NO POSITION TO KNOW WHAT  
08:42AM 12 DEVICES SENT TO PHILADELPHIA AND DEERFIELD, ILLINOIS ARE  
08:42AM 13 CAPABLE OF DOING.

08:42AM 14 THE COURT: RIGHT. AND HE WASN'T ASKED ABOUT THOSE,  
08:42AM 15 WAS HE?

08:42AM 16 MR. BRECHER: HE WAS ASKED ABOUT A THERANOS DEVICE  
08:42AM 17 IN WALGREENS'S POSSESSION AFTER MR. HUNTER HAD LEFT THE  
08:43AM 18 PROJECT.

08:43AM 19 THERE'S NO BASIS FOR THE GOVERNMENT TO BELIEVE FROM THIS  
08:43AM 20 302 THAT THE STATEMENT FROM A WITNESS WHO THEY PUT ON THEIR  
08:43AM 21 FIRST HALF WITNESS LIST WERE FALSE.

08:43AM 22 THIS IS DR. ROSAN'S UNREBUTTED SWORN TESTIMONY. THAT  
08:43AM 23 TRANSCRIPT WAS PRODUCED TO US BY THE GOVERNMENT AT LEAST THREE  
08:43AM 24 TIMES, I BELIVE FOUR IN DISCOVERY.

08:43AM 25 SO THE DOCUMENT --

08:43AM 1 THE COURT: I'M SORRY TO INTERRUPT YOU, BUT I WANT  
08:43AM 2 TO BE MINDFUL OF THE TIME, AND I THINK I UNDERSTAND YOUR  
08:43AM 3 ARGUMENT.

08:43AM 4 SO WHAT IS IT ABOUT THE QUESTION THAT WAS INAPPROPRIATE?

08:43AM 5 MR. BRECHER: THE PREMISE OF THE QUESTION, YOUR  
08:43AM 6 HONOR, CAN ONLY LEAD THE JURY TO SUSPECT THAT MAYBE THE DEVICE  
08:43AM 7 DIDN'T HAVE CARTRIDGES. MAYBE IT DIDN'T HAVE REAGENTS. MAYBE  
08:43AM 8 IT COULDN'T BE USED TO RUN BLOOD TESTS.

08:43AM 9 BUT WE KNOW AND THE GOVERNMENT KNOWS THAT THAT IS  
08:43AM 10 CATEGORICALLY FALSE.

08:43AM 11 THE GOVERNMENT --

08:43AM 12 THE COURT: SO WAS THE QUESTION BASED TOWARDS THIS  
08:43AM 13 WITNESS'S KNOWLEDGE OF THAT FACT AND IS IT RELEVANT?

08:43AM 14 MR. BRECHER: I GUESS I DON'T QUITE UNDERSTAND.

08:43AM 15 THE COURT: THE QUESTION WAS TOWARDS MR. EDLIN.

08:43AM 16 MR. BRECHER: THAT'S RIGHT.

08:43AM 17 THE COURT: AND HIS KNOWLEDGE OF WHETHER OR NOT ANY  
08:44AM 18 DEVICES WERE OPERABLE AND THOSE TYPES OF THINGS. IS THAT  
08:44AM 19 RELEVANT?

08:44AM 20 MR. BRECHER: AGAIN, I MAY NOT BE CAPTURING THE  
08:44AM 21 COURT'S QUESTION, BUT LET ME REPHRASE IT AND SEE IF I'M  
08:44AM 22 CAPTURING YOUR HONOR'S POINT.

08:44AM 23 IS THE QUESTION WHETHER IT WAS DIRECTED TO MR. EDLIN, WHO  
08:44AM 24 SAID HE LACKED THIS KNOWLEDGE?

08:44AM 25 THE COURT: RIGHT.

08:44AM 1 MR. BRECHER: DOES THAT AFFECT THE PROPRIETY OF THE  
08:44AM 2 QUESTION? IS THAT THE COURT'S QUESTION?  
08:44AM 3 THE COURT: I THINK YOU'VE CAPTURED IT, YES.  
08:44AM 4 MR. BRECHER: OKAY.  
08:44AM 5 THE ANSWER IS NO, IT DOES NOT, YOUR HONOR, BECAUSE THE  
08:44AM 6 GOVERNMENT MUST HAVE A BASIS FOR EVERY PREMISE THAT IT SUGGESTS  
08:44AM 7 TO THE JURY FOR EVERY QUESTION THAT IT ASKS.  
08:44AM 8 THE COURT: SO IT'S ASKING MR. EDLIN, DO YOU KNOW IF  
08:44AM 9 THESE DEVICES WERE, IN ESSENCE, OPERABLE?  
08:44AM 10 MR. BRECHER: YES.  
08:44AM 11 THE COURT: IN WALGREENS?  
08:44AM 12 MR. BRECHER: THE ONLY POSSIBLE IMPLICATION OF THAT  
08:44AM 13 IS THAT MAYBE THEY WEREN'T.  
08:44AM 14 BUT WE KNOW AND THE GOVERNMENT KNOWS THAT THEY WERE.  
08:44AM 15 THE COURT: WELL, IS THE OTHER PREMISE WHETHER OR  
08:44AM 16 NOT HE KNEW?  
08:44AM 17 MR. BRECHER: YOUR HONOR, I DON'T KNOW THAT WHETHER  
08:44AM 18 HIS PERSONAL KNOWLEDGE OF A FACT THAT DOESN'T EXIST THAT THE  
08:44AM 19 GOVERNMENT MADE UP IS RELEVANT.  
08:44AM 20 THE COURT: OKAY. THAT WAS MY INITIAL QUESTION A  
08:44AM 21 COUPLE TIMES AGO. IS IT RELEVANT?  
08:45AM 22 MR. BRECHER: THEN IF I'VE NOW WORKED BACK TO YOUR  
08:45AM 23 QUESTION, YOUR HONOR, THEN NO.  
08:45AM 24 THE COURT: OKAY.  
08:45AM 25 MR. BRECHER: I'M SORRY.

08:45AM 1 THE COURT: MR. BOSTIC, WHAT DO YOU THINK?

08:45AM 2 MR. BOSTIC: SO, YOUR HONOR, WHEN THE DEFENSE  
08:45AM 3 INJECTED THIS ISSUE INTO MR. EDLIN'S TESTIMONY, THEY ASKED HIM  
08:45AM 4 QUESTIONS ABOUT WHETHER AND TO WHAT EXTENT HE WAS AWARE THAT  
08:45AM 5 THERANOS HAD PROVIDED A DEVICE TO WALGREENS.

08:45AM 6 THEY DIDN'T GO INTO DETAIL WITH HIM.

08:45AM 7 I THINK THE QUESTION AND THE ANSWER ON THAT TOPIC MIGHT  
08:45AM 8 HAVE LEFT THE JURY WITH THE FALSE IMPRESSION THAT WALGREENS HAD  
08:45AM 9 FULL ACCESS TO THE THERANOS DEVICES THAT WOULD EVENTUALLY BE  
08:45AM 10 USED FOR PATIENT TESTING.

08:45AM 11 THE JURY MIGHT HAVE IMAGINED THAT THEY HAD AN EDISON 3.0  
08:45AM 12 SITTING THERE AND FREE REIN TO EVALUATE IT, OPEN IT UP, AND  
08:45AM 13 LOOK AT IT, AND BOTH SIDES KNOW THAT THAT WAS NOT TRUE.

08:45AM 14 AND WHAT IS SHOWN FROM THE DEPO TESTIMONY THAT THE DEFENSE  
08:45AM 15 SUBMITTED TO THE COURT IS THAT THE DEVICES PROVIDED TO  
08:45AM 16 WALGREENS RAN A COUPLE ASSAYS, WHICH I NOTE WERE NOT EDISON 3.0  
08:46AM 17 ASSAYS, THEY INCLUDED GENERAL CHEMISTRY TESTS WHICH THE EDISON  
08:46AM 18 3.0 COULD NOT DO, THERE WAS AN INFLUENZA TEST WHICH I DON'T  
08:46AM 19 THINK WAS ONE OF THE 12 THAT THE EDISON 3.0 COULD DO.

08:46AM 20 SO I HAVE QUESTIONS ABOUT WHAT DEVICE THAT WAS AND HOW  
08:46AM 21 FUNCTIONAL IT WAS.

08:46AM 22 WE ALSO KNOW FROM MR. HUNTER'S INTERVIEW THAT THERE WERE  
08:46AM 23 ISSUES GETTING THAT DEVICE TO OPERATE, THAT THERANOS COULD NOT  
08:46AM 24 LOOK INTO IT.

08:46AM 25 SO IN ORDER TO PROVIDE THE JURY WITH A MORE COMPLETE

08:46AM 1 PICTURE, WE THOUGHT IT WAS NECESSARY TO ASK THOSE QUESTIONS OF  
08:46AM 2 MR. EDLIN.

08:46AM 3 BEST CASE SCENARIO, HE WOULD HAVE BEEN ABLE TO GO INTO  
08:46AM 4 THOSE DETAILS AND EXPLAIN WHAT THAT DEVICE COULD DO, WHAT IT  
08:46AM 5 COULDN'T DO, THE LIMITATIONS, THE RESTRICTED ACCESS.

08:46AM 6 AS IT TURNS OUT, HE DIDN'T KNOW THOSE THINGS.

08:46AM 7 BUT AT LEAST THROUGH THE QUESTIONING ON REDIRECT WE WERE  
08:46AM 8 ABLE TO CLARIFY WITH THE JURY THAT HE WAS NOT ABLE TO REPRESENT  
08:46AM 9 THAT THOSE DEVICES -- OR HOW THOSE DEVICES WERE USED OR WHAT  
08:46AM 10 SCOPE AND RANGE OF TESTS THEY WERE USED FOR.

08:47AM 11 SO I THINK THERE WAS STILL SOME BENEFIT TO THE JURY  
08:47AM 12 HEARING ABOUT WHAT THIS WITNESS COULD NOT TESTIFY TO.

08:47AM 13 I DISAGREE THAT THERE WAS AN IMPROPER IMPLICATION IN THE  
08:47AM 14 GOVERNMENT'S QUESTIONS. I THINK THERE IS SOME TENSION BETWEEN  
08:47AM 15 WHAT MR. HUNTER HAS TOLD US AND WHAT MR. ROSAN TESTIFIED TO IN  
08:47AM 16 HIS DEPOSITION YEARS AGO THAT THE GOVERNMENT WASN'T PRESENT AT.

08:47AM 17 I THINK, WITHOUT HAVING ONE OR BOTH OF THOSE WITNESSES ON  
08:47AM 18 THE STAND, WE WON'T BE ABLE TO RESOLVE THAT TENSION.

08:47AM 19 BUT THAT'S JUST ANOTHER REASON WHY IT'S INAPPROPRIATE FOR  
08:47AM 20 THE COURT TO INSTRUCT THE JURY ON THE FACTS ON THIS POINT.

08:47AM 21 THE COURT: THERE WAS NO RECROSS ON THIS ISSUE, WAS  
08:47AM 22 THERE?

08:47AM 23 MR. BRECHER: THERE WAS RECROSS ON THIS ISSUE AS WE  
08:47AM 24 FLAG IN OUR MOTION, YOUR HONOR, AND MR. EDLIN WAS NOT ABLE TO  
08:47AM 25 CURE THE FALSE PREMISES OF THE GOVERNMENT'S QUESTIONS.

08:47AM 1 THE COURT: AND HIS ANSWER WAS, I DON'T KNOW.

08:47AM 2 MR. BRECHER: EXACTLY, WHICH IS NOT AN ANSWER.

08:47AM 3 THE COURT: WELL, DOESN'T IT TELL US THAT HE DIDN'T  
08:47AM 4 KNOW IF THEY WERE FUNCTIONING OR NOT, OR HE DIDN'T KNOW IF THEY  
08:47AM 5 WERE THERE. ISN'T THAT SUFFICIENT?

08:47AM 6 MR. BRECHER: NOT AT ALL, YOUR HONOR, BECAUSE THE  
08:47AM 7 GOVERNMENT DOES KNOW. THAT'S THE WHOLE PREMISES OF OUR MOTION,  
08:48AM 8 THAT THESE QUESTIONS WERE IMPROPER.

08:48AM 9 AND I NEED TO TAKE UP, YOUR HONOR, MR. BOSTIC'S SORT OF  
08:48AM 10 BAIT AND SWITCH RESPONSE TODAY ABOUT WHETHER THE DEVICES COULD  
08:48AM 11 BE OPENED UP, EXAMINED.

08:48AM 12 THAT WAS MR. BOSTIC'S VERY NEXT QUESTION, A QUESTION THAT  
08:48AM 13 WE DID NOT CHALLENGE, A QUESTION THAT I THINK WE'RE FINE WITH.

08:48AM 14 INDEED, THE RELEVANT CONTRACT BETWEEN THE TWO PARTIES  
08:48AM 15 PROHIBITS WALGREENS FROM OPENING OR REVERSE ENGINEERING THE  
08:48AM 16 THERANOS DEVICE. THAT'S PERFECTLY FINE.

08:48AM 17 WHAT WE'RE HERE TO TALK ABOUT ARE THE TWO QUESTIONS THAT  
08:48AM 18 WE IDENTIFIED, WHETHER THIS DEVICE HAD CARTRIDGES AND REAGENTS,  
08:48AM 19 AND WHETHER IT WAS CAPABLE OF RUNNING BLOOD TESTS.

08:48AM 20 AND THE EMAIL UPON WHICH MS. WALSH BASED HER QUESTION WAS  
08:48AM 21 FROM JULY 2013. THIS IS LITERALLY YEARS AFTER MR. HUNTER LEFT  
08:48AM 22 THE PROJECT.

08:48AM 23 AGAIN, MR. HUNTER WAS NOT IN A POSITION TO KNOW AND  
08:48AM 24 THEREFORE HIS STATEMENTS COULD NOT GIVE THE GOVERNMENT A GOOD  
08:48AM 25 FAITH BASIS TO ASK WHAT WAS GOING ON IN 2013.



08:48AM 1 HE WASN'T IN A POSITION TO KNOW WHAT WAS GOING ON IN 2012  
08:49AM 2 OR MID-2011.

08:49AM 3 WHAT WE DO KNOW IS THAT THESE -- AND HE CERTAINLY WAS IN  
08:49AM 4 NO POSITION TO KNOW WHAT WAS ON DR. ROSAN'S DESK FOR A YEAR IN  
08:49AM 5 PHILADELPHIA.

08:49AM 6 THE COURT: THANK YOU.

08:49AM 7 LET ME ASK YOU ABOUT YOUR PROPOSED ORDER. YOUR SECOND  
08:49AM 8 BULLET POINT IN THE LAST SENTENCE, YOU WANT THE COURT TO  
08:49AM 9 INSTRUCT THE JURY THAT THERANOS ALSO SENT WALGREENS CARTRIDGES  
08:49AM 10 AND REAGENTS WHICH WALGREENS WAS ABLE TO USE WITH THE DEVICES  
08:49AM 11 TO RUN BLOOD TESTS.

08:49AM 12 IS THAT 100 ACCURATE?

08:49AM 13 MR. BRECHER: YES, THAT IS --

08:49AM 14 THE COURT: WERE THERE ANY, ANY TESTS THAT WALGREENS  
08:49AM 15 WAS UNABLE TO USE?

08:49AM 16 MR. BRECHER: I HAVE NO IDEA, YOUR HONOR.

08:49AM 17 BUT THE PROPOSED INSTRUCTION DOESN'T SAY THAT. THE  
08:49AM 18 PROPOSED INSTRUCTION SIMPLY SAYS THAT THAT DEVICE WAS CAPABLE  
08:49AM 19 OF RUNNING BLOOD TESTS, AND IT WAS, AND IT WAS USED DOZENS, IF  
08:49AM 20 NOT HUNDREDS, OF TIMES OVER PERIODS --

08:49AM 21 THE COURT: WELL, DOES THAT SUGGEST THEN, DOES THAT  
08:49AM 22 GIVE IT -- IF THE COURT WERE TO GIVE YOUR INSTRUCTION, DOESN'T  
08:49AM 23 THAT GIVE TOO BROAD AN IMPRIMATUR TO SAY THAT IT RAN  
08:50AM 24 EVERYTHING?

08:50AM 25 MR. BRECHER: NOT -- IF YOUR HONOR WANTS TO PUT SOME

08:50AM 1 RESTRICTION ON IT, I SUPPOSE THAT'S FINE.

08:50AM 2 BUT THE QUESTION, AND THE QUESTION WAS IMPROPER, WAS, YOU  
08:50AM 3 DON'T KNOW WHETHER THIS DEVICE HAD CARTRIDGES AND REAGENTS?

08:50AM 4 BUT THE GOVERNMENT KNOWS AND WE KNOW THAT IT WAS.

08:50AM 5 YOU DON'T KNOW WHETHER THIS DEVICE WAS EVEN CABLE OF  
08:50AM 6 RUNNING BLOOD TESTS?

08:50AM 7 BUT THE GOVERNMENT KNOWS, AND WE KNOW, THE ANSWER TO THAT  
08:50AM 8 QUESTION IS YES.

08:50AM 9 AND TO MR. BOSTIC'S POINT ABOUT HAVING CONCERN ABOUT  
08:50AM 10 AUGMENTING THE RECORD WITH HEARSAY STATEMENTS, WE HAVE FAR  
08:50AM 11 GRAVER CONCERNS ABOUT DISTORTING THE RECORD WITH QUESTIONS  
08:50AM 12 WHOSE PREMISES ARE NOT ONLY UNFOUNDED IN THE EVIDENCE, THEY  
08:50AM 13 ACTUALLY CONFLICT WITH EVIDENCE THAT THE GOVERNMENT HAS BEEN IN  
08:50AM 14 POSSESSION OF FOR YEARS.

08:50AM 15 THE COURT: OKAY.

08:50AM 16 MR. BRECHER: I'M SORRY, YOUR HONOR.

08:50AM 17 THE COURT: MR. BOSTIC.

08:50AM 18 MR. BOSTIC: SO, YOUR HONOR, FIRST OF ALL, ON THE --  
08:50AM 19 AS A SIDE NOTE, THE EMAILS ATTACHED TO THE DEFENSE'S SUBMISSION  
08:50AM 20 I NOTE DON'T HAVE BATES NUMBERS, SO I HAVEN'T HAD A CHANCE YET  
08:50AM 21 TO CHECK WHETHER THOSE WERE PRODUCED BY THE GOVERNMENT OR NOT,  
08:51AM 22 OR WHETHER THE GOVERNMENT HAD THOSE PRIOR TO THIS LITIGATION,  
08:51AM 23 BUT I'LL JUST NOTE THAT FOR THE RECORD.

08:51AM 24 I JUST -- I DON'T THINK THIS IS A SITUATION REQUIRING A  
08:51AM 25 CURATIVE INSTRUCTION. THE COURT HAS INSTRUCTED AND WILL

08:51AM 1 INSTRUCT AGAIN THAT THE STATEMENTS AND QUESTIONS BY LAWYERS ARE  
08:51AM 2 NOT EVIDENCE IN THIS CASE.

08:51AM 3 THE AIM OF THAT QUESTION WAS TO ASK ABOUT WHETHER THIS  
08:51AM 4 WITNESS WAS IN A POSITION TO PROVIDE US SOME OF THE DETAILS,  
08:51AM 5 THE IMPORTANT DETAILS ABOUT THE LIMITATION ON THE CAPABILITIES  
08:51AM 6 OF THE DEVICE THAT WALGREENS HAD.

08:51AM 7 AND, FRANKLY, THE FACT THAT THERANOS, APPARENTLY ACCORDING  
08:51AM 8 TO MR. HUNTER, PROVIDED EXPIRED REAGENTS, PLACED THESE  
08:51AM 9 RESTRICTIONS ON HOW WALGREENS COULD USE THAT DEVICE, THOSE  
08:51AM 10 FACTS ARE RELEVANT TO INTENT.

08:51AM 11 SO TO MERELY TELL THE JURY THAT WALGREENS WAS SUPPLIED  
08:51AM 12 WITH REAGENTS AND CARTRIDGES WOULD BE, AGAIN, PRESENTING AN  
08:51AM 13 INCOMPLETE PICTURE THAT WOULD NOT ACCOUNT FOR THE IMPORTANT  
08:52AM 14 LIMITATIONS AND PROBLEMS THAT WALGREENS APPARENTLY HAD,  
08:52AM 15 ACCORDING TO MR. HUNTER, IN OPERATING THAT DEVICE.

08:52AM 16 AND I ALSO DISAGREE THAT THE TIME RANGES ARE AN ISSUE HERE  
08:52AM 17 OR THAT THAT SOMEHOW SUPPORTS THE DEFENSE'S ARGUMENT.

08:52AM 18 MR. HUNTER WAS INVOLVED, I BELIEVE, IN THE  
08:52AM 19 WALGREENS-THERANOS RELATIONSHIP UNTIL THE END OF 2011.

08:52AM 20 SO DURING THAT 2010, 2011 PERIOD, I THINK HIS RECOLLECTION  
08:52AM 21 ABOUT WHAT WALGREENS HAD AND WHAT THEY COULD DO WITH IT IS  
08:52AM 22 ABSOLUTELY RELEVANT EVEN TO WHAT CAME AFTERWARDS, AND THAT TWO  
08:52AM 23 YEAR PERIOD I THINK IS HIGHLY TELLING OF THERANOS'S INTENT WHEN  
08:52AM 24 IT CAME TO THE EXTENT TO WHICH THEY WERE WILLING TO ENABLE  
08:52AM 25 WALGREENS TO USE THAT DEVICE AND REALLY GET A BETTER IDEA OF

08:52AM 1 WHAT IT COULD DO.

08:52AM 2 THE COURT: SO THE QUESTIONING OF MR. EDLIN STARTED,  
08:52AM 3 THE CROSS-EXAMINATION, A LITTLE BIT ON THIS ISSUE, I THINK.

08:52AM 4 MR. BOSTIC, IS THAT YOUR POINT, THAT THE EXAMINATION OF  
08:52AM 5 MR. EDLIN REGARDING THE WALGREENS MACHINES, HE HAD SOME  
08:53AM 6 KNOWLEDGE THAT THEY WERE PUT THERE. WE HEARD ABOUT HIS GENERAL  
08:53AM 7 KNOWLEDGE OF THOSE THINGS.

08:53AM 8 BUT THEN THERE WERE MORE SPECIFIC -- I THINK MS. WALSH  
08:53AM 9 ASKED A FEW MORE SPECIFIC QUESTIONS ABOUT HIS KNOWLEDGE THERE,  
08:53AM 10 AND I THINK WHAT I HEAR MR. BOSTIC SAYING IS HE WAS RESPONDING  
08:53AM 11 TO MS. WALSH'S QUESTIONS.

08:53AM 12 MR. BRECHER: AND I HAVE NO PROBLEM WITH THE  
08:53AM 13 GOVERNMENT SEEKING TO EXPLORE AN ISSUE ON REDIRECT.

08:53AM 14 THE PROBLEM IS IN ANY CONTEXT, RELEVANT OR OTHERWISE, YOUR  
08:53AM 15 QUESTIONS HAVE TO HAVE A GOOD FAITH BASIS. THESE TWO, THE TWO  
08:53AM 16 THAT WE CHALLENGED HERE, DID NOT.

08:53AM 17 AND I WANT TO TAKE A BRIEF SIDE NOTE TO SAY THAT ALL OF  
08:53AM 18 THE EMAILS THAT WE HAVE ATTACHED TO OUR DECLARATIONS HAVE BATES  
08:53AM 19 NUMBERS AND THEY ARE ALL WITHIN THE PARTIES' STIPULATION.

08:53AM 20 I'M LOOKING AT DOCKET 1406-3, PAGE 12. THIS IS EXHIBIT 2.  
08:53AM 21 AND THE BATES NUMBER ON THE LOWER RIGHT IS TS 0974878.

08:53AM 22 YOU CAN LOOK AHEAD. NOW I'M LOOKING AT PAGE 16 OF THAT  
08:54AM 23 SAME DOCKET NUMBER, SAME PLACE, YOUR HONOR, TS 1000250; AND  
08:54AM 24 THEN PAGE 19 OF THAT SAME DOCKET NUMBER, LOWER RIGHT HAND  
08:54AM 25 CORNER, ANOTHER TS BATE STAMP.

08:54AM 1 THESE ARE AUTHENTIC WITHIN THE PARTIES' STIPULATION, SO  
08:54AM 2 THAT STATEMENTS IS NOT TRUE.

08:54AM 3 MR. BOSTIC: YOUR HONOR, BRIEFLY ON THAT POINT, I  
08:54AM 4 SEE THAT ON MR. BRECHER'S COPY NOW.

08:54AM 5 IT APPEARS THAT THAT WAS CUT OFF WHEN I PRINTED MY COPY,  
08:54AM 6 SO I'LL WITHDRAW THAT POINT AND STICK TO THE OTHERS.

08:54AM 7 MR. BRECHER: AS FOR TIMING, AGAIN, MS. WALSH'S  
08:54AM 8 QUESTIONS WERE GROUNDED IN AN EMAIL FROM JULY OF 2013. WE HAVE  
08:54AM 9 DOCUMENTATION GOING FORWARD 2013, OCTOBER 2012.

08:54AM 10 MR. HUNTER CAN'T SPEAK TO ANY OF THOSE ISSUES.

08:54AM 11 AND AT NO TIME CAN MR. HUNTER SPEAK TO THE FUNCTIONING OF  
08:54AM 12 THE EDISON DEVICE IN DR. ROSAN'S PHYSICAL OFFICE IN  
08:54AM 13 PHILADELPHIA, AND THAT'S NOT ONLY REFLECTED IN HIS DEPOSITION,  
08:55AM 14 WHICH MR. BOSTIC NOTES THE GOVERNMENT WASN'T PRESENT FOR, IT  
08:55AM 15 WAS ALSO SOMETHING THAT DR. ROSAN TOLD THE GOVERNMENT IN THEIR  
08:55AM 16 OWN INTERVIEW OF DR. ROSAN IN 2019, AND THAT'S EXHIBIT 6 TO  
08:55AM 17 MR. COOPERSMITH'S DECLARATION.

08:55AM 18 SO AGAIN, THESE QUESTIONS ARE COMPLETELY UNFOUNDED.

08:55AM 19 AND THE REMEDY THAT WE'RE ASKING FOR, YOUR HONOR, IS  
08:55AM 20 SIMPLY TO TELL THE JURY THE TRUTH. IF THE COURT WANTS TO LIMIT  
08:55AM 21 THAT IN SOME WAY, I --

08:55AM 22 THE COURT: WELL, THE COURT IS NEVER GOING TO LIMIT  
08:55AM 23 THE TRUTH, COUNSEL.

08:55AM 24 THAT'S WHAT THIS WHOLE PROCESS IS ABOUT.

08:55AM 25 MR. BRECHER: AND THAT'S A GREAT POINT, YOUR HONOR.

08:55AM 1 AND, FRANKLY, QUESTIONS LIKE THESE CALL INTO QUESTION THE  
08:55AM 2 FAIRNESS OF THE JUDICIAL PROCESS BECAUSE THEY'RE NOT GROUNDED  
08:55AM 3 IN A GOOD FAITH BASIS.

08:55AM 4 BY THE WAY, THAT IS A REQUIREMENT THAT OF COURSE APPLIES  
08:55AM 5 TO ALL LAWYERS.

08:55AM 6 THE COURT: WELL, WE HAD THIS DISCUSSION EARLIER  
08:55AM 7 WHEN THE GOVERNMENT, MR. SCHENK, RAISED SOME POINTS OUTSIDE OF  
08:55AM 8 THE PRESENCE OF THE JURY WITH ONE OF YOUR COLLEAGUE'S  
08:55AM 9 QUESTIONING AND WHETHER OR NOT IT WAS BASED IN GOOD FAITH.

08:55AM 10 SO THIS IS A TOPIC THAT WE'RE FAMILIAR WITH IN THIS TRIAL.  
08:55AM 11 I UNDERSTAND THAT.

08:55AM 12 WHAT I'M SUGGESTING, WHEN I LOOK AT YOUR -- AND I'M NOT  
08:55AM 13 SAYING THAT I'M CONVINCED THAT IT REQUIRES A SPECIFIC ORDER  
08:56AM 14 FROM THE COURT, I UNDERSTAND YOUR CONCERN -- BUT THE PROPOSED  
08:56AM 15 ORDER THAT YOU PROVIDE I THINK IS A LITTLE TOO BROAD.

08:56AM 16 AND IF YOU WANT TO WORK ON THIS, WORDSMITH THIS, I  
08:56AM 17 UNDERSTAND YOU SUGGEST THAT TIMING OF THIS IS ALWAYS IMPORTANT,  
08:56AM 18 BUT I THINK YOUR SECOND BULLET POINT IS A LITTLE TOO BROAD.  
08:56AM 19 THAT REALLY SENDS TOO MUCH OF A DIRECTIVE MESSAGE AND IS NOT  
08:56AM 20 FOCUSED ON THE ISSUES THAT YOU'RE TALKING ABOUT.

08:56AM 21 MR. BRECHER: WELL, A COUPLE OF POINTS, YOUR HONOR.  
08:56AM 22 FIRST, I UNDERSTAND THE COURT'S DIRECTIVE IF THAT IS  
08:56AM 23 INDEED THE COURT'S DECISION.

08:56AM 24 I OBVIOUSLY DISAGREE. I THINK WHEN THE GOVERNMENT HAS  
08:56AM 25 GONE OUT OF ITS WAY TO DISTORT REALITY, THE APPROPRIATE

08:56AM 1 CURATIVE INSTRUCTION IS TO CORRECT THAT DISTORTION.

08:56AM 2 THE COURT: WELL, YOU AND I HAVE DIFFERENT CONCEPTS  
08:56AM 3 OF REALITY AS TO THIS POINT.

08:56AM 4 MR. BRECHER: WELL, THAT MAY BE THE CASE,  
08:56AM 5 YOUR HONOR, BUT IF SO, THAT'S GRAVELY DISAPPOINTING BECAUSE THE  
08:56AM 6 EVIDENCE HERE IS EXTENSIVE, IT IS UNREBUTTED, AND THE  
08:56AM 7 GOVERNMENT WAS IN NO POSITION TO QUESTION IT WITH MR. EDLIN.

08:57AM 8 THE COURT: WHAT I'M SUGGESTING IS THAT I'LL GIVE  
08:57AM 9 YOUR TEAM A CHANCE TO LOOK AT THIS IF YOU WOULD LIKE AND  
08:57AM 10 PERHAPS TO OFFER SOMETHING ELSE.

08:57AM 11 MR. BRECHER: THANK YOU, YOUR HONOR.

08:57AM 12 WELL, WE WILL TRY TO WORDSMITH THIS. I THINK AT A MINIMUM  
08:57AM 13 IT WOULD BE APPROPRIATE TO STRIKE BOTH THE QUESTIONS AND THE  
08:57AM 14 ANSWERS THAT WE HAVE CHALLENGED, THOSE TWO QUESTIONS AND TWO  
08:57AM 15 ANSWERS.

08:57AM 16 THE COURT: AND THAT MIGHT BE A BETTER SOLUTION.

08:57AM 17 MR. BRECHER: IT MAY BE, YOUR HONOR.

08:57AM 18 THE COURT: I'M NOT SURE IF IT'S REQUIRED, BUT I --  
08:57AM 19 WHAT MY POINT IS THAT THE SECOND BULLET POINT, I THINK, IS TOO  
08:57AM 20 BROAD. AND I UNDERSTAND THE SPIRIT OF IT. YOU'RE OUTRAGED AT  
08:57AM 21 THE GOVERNMENT'S CONDUCT HERE, AND YOU THINK THAT A CURATIVE  
08:57AM 22 INSTRUCTION SHOULD BE GIVEN TO THE JURY.

08:57AM 23 I RESPECT THAT. I APPRECIATE THAT.

08:57AM 24 I'M NOT CERTAIN THAT I SHARE YOUR VIEW THAT IT WAS  
08:57AM 25 EXTRAORDINARY OUTRAGEOUS CONDUCT BY THE GOVERNMENT, BUT I

08:57AM 1 UNDERSTAND YOUR POINT THAT THE JURY SHOULD HAVE SOME  
08:57AM 2 INFORMATION THAT THERE WERE OPERATIVE MACHINES THERE.

08:57AM 3 I'M SURE THERE IS GOING TO BE ADDITIONAL EVIDENCE THAT IS  
08:58AM 4 GOING TO SPEAK TO THIS AS WELL.

08:58AM 5 MR. BRECHER: IT MAY OR IT MAY NOT, YOUR HONOR.

08:58AM 6 AND PART OF THE PREJUDICE HERE IS THAT THE GOVERNMENT'S  
08:58AM 7 VERY NEXT WITNESS HAS DISCLAIMED ANY KNOWLEDGE OF THIS, SO WE  
08:58AM 8 WON'T BE ABLE TO FIX IT THROUGH HIM EVEN THOUGH HE WAS A  
08:58AM 9 WALGREENS EMPLOYEE.

08:58AM 10 THE COURT: RIGHT.

08:58AM 11 MR. BRECHER: I HAVE NO -- WE CANNOT, AS THE  
08:58AM 12 DEFENSE, FORCE THE GOVERNMENT TO PUT ON WITNESSES OR EXHIBITS  
08:58AM 13 THAT ARE FAVORABLE TO THE DEFENSE.

08:58AM 14 THE COURT: SURE.

08:58AM 15 MR. BRECHER: BUT IF THEY DO PUT ON A WITNESS FROM  
08:58AM 16 WHOM WE CAN ELICIT FAVORABLE EVIDENCE, WE SHOULD AT LEAST BE  
08:58AM 17 ABLE TO TRUST THE GOVERNMENT NOT TO INTENTIONALLY UNDERMINE  
08:58AM 18 THAT WITH QUESTIONS WHOSE PREMISES ARE FALSE.

08:58AM 19 THERE'S A WIDE GULF BETWEEN THAT CONDUCT, WHICH I DO THINK  
08:58AM 20 IS OUTRAGEOUS, YOUR HONOR, AND THE CONDUCT THAT WE DISCUSSED A  
08:58AM 21 FEW WEEKS AGO, WHICH I HAVE SOMEWHAT DIFFERENT VIEWS ON, BUT  
08:58AM 22 I'LL SPARE THE COURT THOSE THIS MORNING.

08:58AM 23 THE COURT: SURE. RIGHT. AND I APPRECIATE THAT YOU  
08:58AM 24 PART COMPANY WITH THE GOVERNMENT'S BASIS FOR ASKING THAT  
08:58AM 25 QUESTION.



08:58AM 1 IT'S, OF COURSE, IMPORTANT TO YOUR CASE, AND YOU SUGGEST  
08:58AM 2 THAT THERE MIGHT BE BURDEN SHIFTING HERE BECAUSE THE DEFENSE  
08:58AM 3 WOULD HAVE TO RESPOND AND PUT SOMETHING ON WHICH IS NOT, NOT  
08:59AM 4 YOUR OBLIGATION TO DO SO. I RESPECT THAT, TOO.

08:59AM 5 I'M NOT CERTAIN THAT I SEE THAT QUESTION AND THE EFFECT ON  
08:59AM 6 THE JURY AS SERIOUSLY AS YOU DO. IT'S A SERIOUS ISSUE. I'M  
08:59AM 7 NOT DISCOUNTING IT.

08:59AM 8 BUT I'M NOT CERTAIN IT LEFT THE IMPRESSION THAT YOU  
08:59AM 9 SUGGEST IT DID. IT MAY HAVE, AND THAT'S WHY I'M SUGGESTING IF  
08:59AM 10 YOU WANT TO LOOK AT DIFFERENT ALTERNATIVES FOR RELIEF, I'D BE  
08:59AM 11 HAPPY TO LOOK AT THOSE.

08:59AM 12 I THINK THE ORDER THAT YOU'VE PROPOSED ON PAGE 2 OF YOUR  
08:59AM 13 MOTION 1406 IS TOO BROAD. I THINK IT SUGGESTS SOMETHING THAT,  
08:59AM 14 IN THE SECOND BULLET POINT, SOMETHING THAT IS STILL OPEN TO  
08:59AM 15 SOME QUESTION BASED ON OTHER EVIDENCE THAT, AGAIN, WE ALL KNOW.

08:59AM 16 MR. BRECHER: WE WILL WORK ON AN ALTERNATIVE  
08:59AM 17 PROPOSED ORDER, YOUR HONOR, AND WE WILL CIRCULATE THAT TO THE  
08:59AM 18 COURT IN SHORT ORDER.

08:59AM 19 THE COURT: OKAY. THANK YOU.

08:59AM 20 MR. BOSTIC: YOUR HONOR, IF I COULD JUST FOR THE  
08:59AM 21 RECORD?

08:59AM 22 THE COURT: YES.

09:00AM 23 PARDON ME. I'M NOT SAYING THAT I'M GOING TO GRANT THE  
09:00AM 24 MOTION. I'M SAYING I'M NOT GOING TO GIVE THIS INSTRUCTION AS  
09:00AM 25 PRESENTLY WORDED, BUT I'D BE HAPPY TO LOOK AT SOMETHING ELSE.

09:00AM 1 MR. BOSTIC: AND I WON'T WASTE TIME WITH MY PERSONAL  
09:00AM 2 REACTION TO BEING ACCUSED OF DELIBERATELY DISTORTING FACTS  
09:00AM 3 HERE.

09:00AM 4 THE COURT: THAT WAS A LITTLE STRONG, WASN'T IT?

09:00AM 5 MR. BOSTIC: I WILL SAY THAT WHAT WAS IN THE  
09:00AM 6 GOVERNMENT'S MIND WHEN WE ASKED THAT QUESTION WAS THE  
09:00AM 7 INFORMATION THAT WE HAD GOTTEN FROM KEVIN HUNTER WHICH RELATED  
09:00AM 8 TO THE CAPABILITIES OF THE DEVICE THAT WALGREENS HAD AND THE  
09:00AM 9 EXTENT TO WHICH THERANOS FACILITATED OR FAILED TO FACILITATE  
09:00AM 10 WALGREENS IN THE USE OF THAT DEVICE. THAT FORMED THE GOOD  
09:00AM 11 FAITH BASIS FOR THAT QUESTIONING.

09:00AM 12 I WAS NOT PRESENT AT THE DEPOSITION OF DR. ROSAN, NOR WAS  
09:00AM 13 I PRESENT AT THE INTERVIEW OF HIM, BUT I'LL NOTE THAT IN THE  
09:00AM 14 REPORT OF THE GOVERNMENT'S INTERVIEW WITH DR. ROSAN, I DON'T  
09:00AM 15 THINK IT SUPPORTS THE DEFENSE'S CHARACTERIZATION AS STRONGLY AS  
09:00AM 16 THEY CLAIM IT DOES.

09:01AM 17 WHAT THAT SAYS IS THAT DR. ROSAN HAD A THERANOS DEVICE IN  
09:01AM 18 HIS OFFICE. HE HAD A PROTOTYPE DEVICE INITIALLY AND THEN  
09:01AM 19 RECEIVED A SECOND DEVICE TO REPLACE THE FIRST DEVICE.

09:01AM 20 HE NEVER DID COMPARISON TESTS BETWEEN THE THERANOS DEVICE  
09:01AM 21 AND COMPETITORS.

09:01AM 22 THEN IT SAYS THE TESTING OF WALGREENS EXECUTIVES WAS DONE  
09:01AM 23 ON A THERANOS MACHINE.

09:01AM 24 THAT DOES NOT CLEARLY ESTABLISH THAT THE DEVICE OR DEVICES  
09:01AM 25 GIVEN TO WALGREENS WERE USED BY WALGREENS FOR TESTING.

09:01AM 1 SO I DISAGREE THAT, FROM THIS, THAT'S WHAT DR. ROSAN TOLD  
09:01AM 2 THE GOVERNMENT.

09:01AM 3 I JUST THINK THIS IS FAR FROM RISING TO THE LEVEL WHERE  
09:01AM 4 BAD FAITH HAS BEEN SHOWN OR A CURATIVE INSTRUCTION IS  
09:01AM 5 NECESSARY, ESPECIALLY WHERE A CURATIVE INSTRUCTION WOULD BE  
09:01AM 6 ESSENTIALLY PROVIDING THE COURT'S IMPRIMATUR ON AN OUT OF COURT  
09:01AM 7 HEARSAY STATEMENT FOR WHICH THE GOVERNMENT WAS NOT PRESENT  
09:01AM 8 WHERE THAT STATEMENT ITSELF WOULD NOT BE ADMISSIBLE WERE IT NOT  
09:01AM 9 FOR THE DEFENSE'S ARGUMENTS.

09:01AM 10 THE COURT: ANYTHING IN CLOSING YOU WANT TO SAY?

09:01AM 11 MR. BRECHER: JUST BRIEFLY, YOUR HONOR.

09:02AM 12 I THINK THAT DR. ROSAN'S 302, THAT MEMORANDUM OF  
09:02AM 13 INTERVIEW, OBVIOUSLY IT IS A SUMMARY. WE DON'T HAVE A  
09:02AM 14 TRANSCRIPT. THE GOVERNMENT DOESN'T PROVIDE US WITH THOSE.

09:02AM 15 BUT THAT DR. ROSAN DID NOT RUN COMPARATIVE TESTS WITH  
09:02AM 16 OTHER TECHNOLOGY SUGGESTS THAT HE COULD RUN TESTS, AND HE DOES  
09:02AM 17 ACKNOWLEDGE THAT WALGREENS EXECUTIVES WERE TESTED ON A THERANOS  
09:02AM 18 DEVICE.

09:02AM 19 THAT IS THE 302.

09:02AM 20 AS FOR WHETHER MR. BOSTIC WAS PERSONALLY PRESENT AT THE  
09:02AM 21 INTERVIEW, OUR ARGUMENT AND OUR MOTION WAS AIMED AT THE  
09:02AM 22 KNOWLEDGE THE GOVERNMENT. IN MOST LEGAL CONTEXTS, THAT  
09:02AM 23 KNOWLEDGE IS IMPUTED AT A MINIMUM TO THE ENTIRE PROSECUTING  
09:02AM 24 OFFICE, BUT I DON'T EVEN NEED TO GO THAT FAR.

09:02AM 25 IT CERTAINLY IS IMPUTED TO THE PROSECUTION TEAM, THIS

09:02AM 1 TRIAL TEAM. THIS IS SOMEONE ON THEIR FIRST HALF WITNESS LIST.  
09:02AM 2 THEY KNOW HIS PRIOR STATEMENTS, YOUR HONOR.

09:02AM 3 THE COURT: WELL, ALL RIGHT. THANK YOU. I THINK I  
09:02AM 4 CAPTURE YOUR SENTIMENT AND THE ISSUE ABOUT WALGREENS AND THE  
09:02AM 5 MACHINES. I DON'T KNOW WHERE THE EVIDENCE IS GOING TO GO ON  
09:02AM 6 THAT.

09:03AM 7 THERE'S BEEN A LOT OF TESTIMONY ABOUT WHETHER THEY WORKED,  
09:03AM 8 WHETHER THEY DIDN'T WORK, WHETHER NULL PROTOCOLS WERE TAKEN,  
09:03AM 9 WHETHER A TEST WAS TAKEN OR WAS -- THEY WERE TESTED ON IT.

09:03AM 10 DOES THAT MEAN THAT THE VIP'S OR THE EXECUTIVES WERE  
09:03AM 11 TESTED ON IT? DOES THAT MEAN THAT THE TESTS WERE SUCCESSFUL,  
09:03AM 12 OR DOES IT MEAN THAT THEY JUST PUT THE SAMPLES IN?

09:03AM 13 IT DOESN'T SAY THAT WE HAD RESULTS THAT WERE POSITIVE FROM  
09:03AM 14 THE MACHINES.

09:03AM 15 SO THAT'S PART OF THE MIX HERE ALSO. SOME OF IT IS A  
09:03AM 16 LITTLE OPAQUE IN GENERAL, AND BOTH SIDES ARE READING INTO THE  
09:03AM 17 STATEMENTS AND THE EVIDENCE, OF COURSE, AS YOU WANT TO BECAUSE  
09:03AM 18 IT'S IMPORTANT TO EACH SIDE TO DO THAT.

09:03AM 19 MR. BRECHER: I UNDERSTAND, YOUR HONOR.

09:03AM 20 I SHOULD POINT OUT AT LEAST FOR THE RECORD THAT THE  
09:03AM 21 TESTIMONY ABOUT NULL PROTOCOLS AND DEMONSTRATIONS WAS ABOUT  
09:03AM 22 DEMONSTRATIONS PERFORMED ON SITE AT THERANOS.

09:03AM 23 THE COURT: THAT'S RIGHT.

09:03AM 24 MR. BRECHER: NOT ABOUT DEVICES SENT TO WALGREENS.

09:03AM 25 AND AS FOR WHETHER TESTS WERE SUCCESSFUL, I, FRANKLY,

09:03AM 1 DON'T HAVE A VIEW ON WHAT THAT WORD EVEN MEANS. THE DEVICE WAS  
09:04AM 2 CAPABLE OF RUNNING BLOOD TESTS. WHETHER THEY WERE ACCURATE OR  
09:04AM 3 NOT IS NOT THE POINT THAT WE WERE MAKING.

09:04AM 4 THE COURT: NO. BUT THAT IS ONE OF THE POINTS,  
09:04AM 5 THOUGH, FOR THE JURY TO CONSIDER, RIGHT? IF IT'S, OH, THEY  
09:04AM 6 WERE TESTED, THAT MEANS SUCCESSFUL TESTING, OR NOT, THAT'S A  
09:04AM 7 BIG ISSUE IN THIS CASE, I BELIEVE.

09:04AM 8 MR. BRECHER: IT MAY WELL BE, YOUR HONOR.

09:04AM 9 I'LL JUST SAY THAT WE CHALLENGED TWO VERY SPECIFIC  
09:04AM 10 QUESTIONS HERE, AND THE ANSWERS -- THE PREMISES OF THOSE TWO  
09:04AM 11 VERY SPECIFIC QUESTIONS WERE FLAWED.

09:04AM 12 AND THAT'S ALL I'VE GOT, YOUR HONOR.

09:04AM 13 THE COURT: AND THAT'S YOUR -- I THINK THAT'S YOUR,  
09:04AM 14 YOUR MAIN COMPLAINT THIS MORNING IS THE BASIS WERE FLAWED  
09:04AM 15 BASIS. THEY SHOULDN'T HAVE ASKED THAT QUESTION, THEY KNEW  
09:04AM 16 BETTER. THAT'S YOUR POINT, I THINK.

09:04AM 17 MR. BRECHER: PRECISELY.

09:04AM 18 THE COURT: AND I'M NOT -- YOU'RE NOT ASKING ME TO  
09:04AM 19 FIND AND -- TO FIND THAT MR. BOSTIC WAS OUTRAGEOUS IN HIS  
09:04AM 20 CONDUCT, ARE YOU? IS THAT --

09:04AM 21 MR. BRECHER: NOT AT ALL, YOUR HONOR. I DON'T THINK  
09:04AM 22 THAT THAT'S NECESSARY, AND FRANKLY, THAT'S NOT WHAT OUR MOTION  
09:04AM 23 CONTENDS.

09:04AM 24 WHAT OUR MOTION CONTENDS IS THAT, INTENTIONALLY OR  
09:04AM 25 OTHERWISE, THE FACTS HERE HAVE BEEN DISTORTED IN A WAY THAT WE

09:04AM 1 THINK COULD LEAVE THE JURY WITH A MISIMPRESSION AND WE WOULD  
09:05AM 2 LIKE TO CORRECT THAT DISTORTION, AND THAT'S THE PURPOSE OF A  
09:05AM 3 CURATIVE INSTRUCTION.

09:05AM 4 WE HAVE NOT ASKED THE COURT TO ADMONISH THE GOVERNMENT  
09:05AM 5 EITHER HERE OR IN THE PRESENCE OF THE JURY OR ANYTHING LIKE  
09:05AM 6 THAT.

09:05AM 7 WE'RE ASKING FOR SOMETHING FAR NARROWER.

09:05AM 8 THE COURT: BECAUSE YOU RECOGNIZE IN THE HEAT OF  
09:05AM 9 TRIAL, OFTENTIMES COUNSEL WILL ASK QUESTIONS IN RESPONSE TO  
09:05AM 10 ANOTHER QUESTION FROM THE OTHER SIDE, AND THIS HAPPENS WITH  
09:05AM 11 SOME FREQUENCY IN TRIALS. YOU'VE EXPERIENCED THAT YOURSELF.

09:05AM 12 MR. BRECHER: I HAVE, YOUR HONOR, AND THAT'S  
09:05AM 13 PRECISELY WHAT CURATIVE INSTRUCTIONS ARE FOR. SO WE WILL WORK  
09:05AM 14 ON ONE AND PROPOSE IT FOR THE COURT'S CONSIDERATION.

09:05AM 15 THE COURT: AND THE COURT WILL CONSIDER WHETHER OR  
09:05AM 16 NOT IT'S NECESSARY TO GIVE A CURATIVE INSTRUCTION.

09:05AM 17 MR. BRECHER: YES, YOUR HONOR.

09:05AM 18 THE COURT: THANK YOU.

09:05AM 19 THE OTHER MOTION, WHICH IS DR. ROSENDORFF'S TESTIMONY, AND  
09:05AM 20 AS I SAID, THIS OTHER REPLY WAS FILED ABOUT 12 HOURS AGO, I'D  
09:05AM 21 LIKE TO LOOK AT THAT.

09:05AM 22 ARE YOU PREPARED TO RESPOND TO THIS THIS MORNING, OR  
09:05AM 23 SHOULD WE -- WHEN IS DR. ROSENDORFF GOING TO TESTIFY?

09:05AM 24 MR. BOSTIC: SO, YOUR HONOR, I AM PREPARED TO  
09:06AM 25 ADDRESS THAT NOW, BUT I DON'T THINK WE NEED TO NOW.

09:06AM 1 DR. ROSENDORFF WILL NOT TAKE THE STAND TODAY. I THINK HE  
09:06AM 2 WILL LIKELY TAKE THE STAND SOMETIME TOMORROW MORNING.

09:06AM 3 CROSS WILL THEN LIKELY BEGIN NO SOONER THAN TOMORROW  
09:06AM 4 AFTERNOON.

09:06AM 5 THE COURT: I SEE. OKAY.

09:06AM 6 MR. COOPERSMITH.

09:06AM 7 MR. COOPERSMITH: I AGREE, YOUR HONOR. I THINK  
09:06AM 8 THERE'S NO REASON TO TAKE JURY TIME RIGHT NOW, AND THIS COULD  
09:06AM 9 BE ADDRESSED TOMORROW MORNING.

09:06AM 10 FRANKLY, IT COULD EVEN PROBABLY BE ADDRESSED FRIDAY  
09:06AM 11 MORNING, BECAUSE EVEN IF I GOT HIM ON CROSS TOMORROW AFTERNOON,  
09:06AM 12 I DON'T EXPECT THAT WOULD BE COMPLETED AND I WOULDN'T GET TO  
09:06AM 13 THIS ON CROSS ON WEDNESDAY.

09:06AM 14 SO IT COULD BE FRIDAY MORNING OR TOMORROW. WHATEVER IS  
09:06AM 15 BETTER FOR THE COURT.

09:06AM 16 THE COURT: OKAY. THANK YOU.

09:06AM 17 ONE OF THE ISSUES THAT COMES UP AGAIN WITH THIS MOTION --  
09:06AM 18 AND WE HAVE SEEN THIS MOTION, THIS WAS RAISED IN THE HOLMES  
09:06AM 19 CASE, OF COURSE -- THINGS HAVE CHANGED A BIT.

09:06AM 20 THE INVESTIGATION, ONE OF THE BASIS WAS -- IN THE HOLMES  
09:06AM 21 CASE, ONE OF THE BASIS FOR BIAS WAS AN INVESTIGATION AT ONE OF  
09:06AM 22 THE COMPANIES. IT WAS ONGOING, I THINK.

09:07AM 23 AND THAT SEEMS TO HAVE BEEN RESOLVED FROM WHAT I'VE READ  
09:07AM 24 IN THE PLEADINGS, THAT IS, THE CLIA ISSUE AND THE CMS ISSUE,  
09:07AM 25 THEY WITHDREW, AND THEY GAVE THEM A CLEAN BILL OF HEALTH, OR

09:07AM 1           WHATEVER IT IS THAT THEY DO, AND THEY WITHDREW THE APPLICATION.

09:07AM 2           THERE'S NO MORE BIAS AS TO HIS BEING CONCERNED ABOUT

09:07AM 3           WHETHER OR NOT SOME NEGATIVE ACTION WILL BE TAKEN ON HIS

09:07AM 4           LICENSE BECAUSE OF THAT.

09:07AM 5           WOULD YOU AGREE WITH THAT?

09:07AM 6           MR. COOPERSMITH: NO, YOUR HONOR.

09:07AM 7           I THINK THAT'S NOT THE SOURCE OF BIAS THAT WE'RE

09:07AM 8           PRESENTING TO THE COURT AT ALL.

09:07AM 9           THE COURT: I MEAN, BUT THERE'S NO BIAS ARISING FROM

09:07AM 10          HIS FEAR OF LOSING HIS LICENSE. WOULD YOU AGREE WITH THAT?

09:07AM 11          MR. COOPERSMITH: I THINK IF THE MATTER HAS BEEN

09:07AM 12          RESOLVED UNTIL THE NEXT TIME THAT HE GETS INTO HOT WATER WITH

09:07AM 13          CMS -- UNTIL THE NEXT TIME DR. ROSENDORFF MAY GET INTO HOT

09:07AM 14          WATER, THAT DOES RESOLVE THAT.

09:07AM 15          BUT, AGAIN, YOUR HONOR, WE'LL ADDRESS THIS.

09:07AM 16          THE COURT: SO THAT RAISES THE OTHER POINT, AND

09:07AM 17          WE'LL TALK ABOUT THAT LATER ALSO, IS WHAT IS THE RELEVANCE OF

09:07AM 18          POST-EMPLOYMENT CONDUCT? WHAT IS THE RELEVANCE? I'M NOT GOING

09:08AM 19          TO ASK YOU TO COMMENT. THIS IS SOMETHING ON MY MIND.

09:08AM 20          WHAT IS THE RELEVANCE OF WHAT HE DID POST, POST-EMPLOYMENT

09:08AM 21          WITH THERANOS?

09:08AM 22          SO WHAT HE DID AFTER HE WORKED THERE SHOWS THAT HE'S A BAD

09:08AM 23          LAB DIRECTOR AND, THEREFORE, YOU'RE GOING TO ASK THE JURY TO

09:08AM 24          SAY HE'S A BAD LAB DIRECTOR AND HE WAS A POOR LAB DIRECTOR

09:08AM 25          AFTER POST-EMPLOYMENT HERE, THEREFORE, ERGO, TO WIT, HE MUST



09:08AM 1 HAVE BEEN BAD HERE.

09:08AM 2 WHICH ALSO RAISES THE QUESTION, PERHAPS YOU'RE GOING TO  
09:08AM 3 CONCEDE THAT THE LAB WAS GIVING BAD RESULTS AND THAT'S WHAT  
09:08AM 4 THEY DID BECAUSE THEY HAD A BAD LAB DIRECTOR.

09:08AM 5 MR. COOPERSMITH: YOUR HONOR, I KNOW WE'LL HAVE A  
09:08AM 6 CHANCE --

09:08AM 7 THE COURT: IS THAT WHERE THAT'S GOING TO GO?

09:08AM 8 MR. COOPERSMITH: THAT'S NOT WHAT OUR POINT IS AT  
09:08AM 9 ALL.

09:08AM 10 WE'RE PURELY ARGUING DR. ROSENDORFF'S INCENTIVE TO BLAME  
09:08AM 11 OTHERS AND REALLY LAY IT ON THICK AT TRIAL BECAUSE OF THE  
09:08AM 12 REPUTATIONAL DAMAGE THESE VARIOUS INCIDENTS THAT HE'S  
09:08AM 13 EXPERIENCED HAVE ON ANYBODY, INCLUDING HIM.

09:08AM 14 AND IT'S ABOUT BIAS. IT'S NOT ABOUT TRYING TO SHOW HE'S A  
09:09AM 15 BAD LAB DIRECTOR. HE MIGHT WELL BE, BUT IT'S ABOUT HIS BIAS  
09:09AM 16 AND HIS INCENTIVE.

09:09AM 17 THE COURT: WHAT IS HIS BIAS THEN?

09:09AM 18 MR. COOPERSMITH: HIS BIAS IS BECAUSE GIVEN THE  
09:09AM 19 REPUTATIONAL DAMAGE THAT ANYBODY WHO HAS BEEN AT FOUR COMPANIES  
09:09AM 20 NOW THAT HAVE BEEN THE SUBJECT OF FEDERAL AND STATE  
09:09AM 21 INVESTIGATIONS, AND ONCE YOU HAVE THAT REPUTATIONAL TAIN  
09:09AM 22 ASSOCIATED WITH YOU, THE ONLY THING THAT YOU CAN DO IN THE  
09:09AM 23 TESTIMONY ABOUT THERANOS IS TO BLAME OTHER PEOPLE, WHETHER  
09:09AM 24 THAT'S MR. BALWANI OR DR. YOUNG OR WHOEVER HE CHOOSES TO BLAME,  
09:09AM 25 THAT'S HIS INCENTIVE, THAT'S HIS BIAS.

09:09AM 1 BECAUSE OTHERWISE TRYING TO APPLY FOR NEW POSITIONS, WHEN  
09:09AM 2 SOMEONE LOOKS HIM UP AND THEY SEE HE'S BEEN AT THERANOS AND  
09:09AM 3 INVITAE AND PERKIN ELMER AND UBIOME, ALL OF WHICH HAVE BEEN THE  
09:09AM 4 SUBJECT OF FEDERAL INVESTIGATIONS, WHETHER OR NOT THE THREE  
09:09AM 5 DOUBLE JEOPARDIES AT PERKIN ELMER WERE RESOLVED OR NOT, HE'S  
09:09AM 6 GOT TO PLAY THE HERO HERE AND SAY, IT WASN'T MY FAULT, IT WAS  
09:10AM 7 MR. BALWANI'S FAULT.

09:10AM 8 THAT'S THE BIAS HE HAS, BECAUSE OTHERWISE HE'S STUCK WITH  
09:10AM 9 I'M THE LAB DIRECTOR WHO WORKED AT FOUR DIFFERENT LABS.

09:10AM 10 WHAT ARE THE CHANCES OF BEING STRUCK BY LIGHTNING ONCE AS  
09:10AM 11 OPPOSED TO FOUR TIMES, YOUR HONOR?

09:10AM 12 THAT'S THE PROBLEM.

09:10AM 13 THE COURT: ALL RIGHT. MAYBE HE HAS POOR CHOICE OF  
09:10AM 14 EMPLOYMENT, BUT THERE WERE TWO CEO'S AT ONE OF THE COMPANIES  
09:10AM 15 WHO WERE INDICTED. HE WASN'T. THEY WERE INDICTED FOR FRAUD  
09:10AM 16 BILLING. I DON'T KNOW WHAT THAT HAS TO DO.

09:10AM 17 I KNOW YOU SUGGEST, WELL, THAT BILLING HAS SOME  
09:10AM 18 RELATIONSHIP TO THE LAB ACTIVITIES AND THINGS.

09:10AM 19 SO SOME OF THOSE, THEY MIGHT BE ATTENUATED, I THINK, BUT  
09:10AM 20 WE'LL TALK ABOUT THAT WHEN OUR CONVERSATION CONTINUES.

09:10AM 21 MR. COOPERSMITH: YES, I UNDERSTAND, YOUR HONOR.

09:10AM 22 AND WHEN YOU HAVE A CHANCE TO LOOK AT THE REPLY BRIEF --  
09:10AM 23 AND I'M SORRY FOR FILING IT LATE YESTERDAY.

09:10AM 24 THE COURT: NO, NO. YOU FILE IT WHEN YOU'RE READY.

09:10AM 25 MR. COOPERSMITH: RIGHT. WE ACTUALLY TALKED ABOUT

09:10AM 1 THE INDICTMENT IN THE UBIOME CASE, AND THAT IS VERY INFORMATIVE  
09:10AM 2 AS TO WHAT THE ALLEGATIONS REALLY ARE IN THAT CASE.

09:10AM 3 THE COURT: WAS DR. ROSENDORFF INDICTED?

09:10AM 4 MR. COOPERSMITH: NO. BUT THE ALLEGATIONS IN THE  
09:11AM 5 INDICTMENT DEFINITELY RELATE TO THE DUTIES OF A LAB DIRECTOR ON  
09:11AM 6 MEDICAL NECESSITY OF TESTS AND VALIDATIONS OF TESTS, AND SO  
09:11AM 7 HE'S RIGHT IN THE THICK OF IT.

09:11AM 8 AND THE POINT IS NOT WHETHER HE'S BEEN INDICTED OR NOT, OR  
09:11AM 9 EVEN WHETHER HE'S THE SUBJECT OR THE TARGET OF THE  
09:11AM 10 INVESTIGATION.

09:11AM 11 THE COURT: WHAT IS IT THAT YOU WANT TO DO? WHAT DO  
09:11AM 12 YOU WANT TO DO? YOU WANT TO ASK HIM, WERE YOU WORKING AT FOUR  
09:11AM 13 DIFFERENT PLACES AND THEY HAD PROBLEMS? IS THAT WHAT YOU WANT  
09:11AM 14 TO ASK?

09:11AM 15 MR. COOPERSMITH: I WANT TO BRING OUT THAT ALL OF  
09:11AM 16 THESE COMPANIES YOU WORKED AT WERE THE SUBJECT OF FEDERAL  
09:11AM 17 INVESTIGATIONS, AND HE'S VERY CONCERNED ABOUT THE REPUTATIONAL  
09:11AM 18 DAMAGE THAT THAT INFLECTS ON HIM.

09:11AM 19 THE COURT: OKAY.

09:11AM 20 MR. COOPERSMITH: INCLUDING TO THE POINT OF DELETING  
09:11AM 21 THINGS FROM HIS LINKEDIN PAGE SO PEOPLE DON'T SEE THAT HE  
09:11AM 22 WORKED AT COMPANIES THAT ARE THE SUBJECT OF FEDERAL  
09:11AM 23 INVESTIGATIONS. THAT'S THE BIAS.

09:11AM 24 THE COURT: OKAY. IT'S REPUTATION AL BIAS.

09:11AM 25 MR. COOPERSMITH: YES.

09:11AM 1 THE COURT: YOU'RE TESTIFYING THIS WAY BECAUSE  
09:11AM 2 YOU'RE AFRAID THAT YOU'RE NOT GOING TO BE ABLE TO GET A JOB  
09:11AM 3 AGAIN BECAUSE YOU HAVE BEEN INVOLVED IN LABS THAT HAVE HAD  
09:11AM 4 FEDERAL SCRUTINY, EVEN THOUGH THAT SCRUTINY DID NOT, DID NOT  
09:11AM 5 RESULT IN ANY INVESTIGATION OF YOU?

09:11AM 6 MR. COOPERSMITH: EXACTLY, YOUR HONOR.

09:12AM 7 AND THAT'S WHY IT'S INCENTIVE, HIS BIAS, TO BLAME OTHER  
09:12AM 8 PEOPLE FOR WHAT ALLEGEDLY HAPPENED AT THERANOS. THAT'S HIS --

09:12AM 9 THE COURT: IS THAT A CONDITION PRECEDENT TO THIS  
09:12AM 10 COMING IN? DO WE NEED TO WAIT AND SEE IF HE BLAMES?

09:12AM 11 MR. COOPERSMITH: OH, YOUR HONOR, YOU KNOW, I DON'T  
09:12AM 12 HAVE ANY DOUBT, BUT PERHAPS.

09:12AM 13 I DON'T HAVE ANY DOUBT THAT HE'S GOING TO BE BLAMING  
09:12AM 14 MR. BALWANI DURING HIS TESTIMONY.

09:12AM 15 BUT IF HE DOESN'T, THEN THAT WILL BE FINE WITH US AS WELL  
09:12AM 16 OBVIOUSLY.

09:12AM 17 THE COURT: I MEAN, IF HE DOESN'T, THEN IS THIS  
09:12AM 18 RELEVANT?

09:12AM 19 MR. COOPERSMITH: IF HE DOESN'T BLAME MR. BALWANI --

09:12AM 20 THE COURT: CORRECT.

09:12AM 21 MR. COOPERSMITH: -- AND HE TESTIFIES FAVORABLY TO  
09:12AM 22 THE DEFENSE? I'M SURE WE'LL HAVE A DIFFERENT VIEW.

09:12AM 23 THE COURT: WELL, THOSE ARE TWO DIFFERENT THINGS.

09:12AM 24 IF HE DOESN'T BLAME MR. BALWANI, IS THIS RELEVANT?

09:12AM 25 MR. COOPERSMITH: THEN IT WOULDN'T BE.

09:12AM 1 THE COURT: OKAY. FAIR ENOUGH.

09:12AM 2 MR. BOSTIC: I HAVE SOME THOUGHTS ON

09:12AM 3 MR. COOPERSMITH'S POINTS THAT I'LL SHARE WITH THE COURT WHEN WE  
09:12AM 4 ARGUE THE MOTION.

09:12AM 5 THE COURT: OKAY. LET'S BRING THE JURY IN.

09:12AM 6 WE'RE GOING TO BREAK TODAY AT ABOUT 2:45 TODAY.

09:12AM 7 AND ALSO WE GAVE THEM THE CALENDARS, AS YOU RECALL, TO  
09:12AM 8 LOOK AT. I'M NOT GOING TO ASK THEM INDIVIDUALLY TO TELL US  
09:13AM 9 WHAT THEIR AVAILABILITY IS.

09:13AM 10 WITH YOUR PERMISSION, I'LL ASK MS. ROBINSON TO MAYBE  
09:13AM 11 COLLECT THAT INFORMATION FROM THEM, AND THEN MAYBE WE CAN CULL  
09:13AM 12 IT TOGETHER AND SEE IF WE CAN GET IT.

09:13AM 13 WILL THAT BE ALL RIGHT WITH YOU IF SHE HAS COMMUNICATION  
09:13AM 14 WITH THE JURY JUST FOR THE PURPOSE OF GATHERING THAT  
09:13AM 15 INFORMATION?

09:13AM 16 MR. COOPERSMITH: YES, YOUR HONOR.

09:13AM 17 MR. BOSTIC: YES, YOUR HONOR.

09:13AM 18 THE COURT: OKAY. WE'LL ASK HER TO DO THAT AND SEE  
09:13AM 19 WHAT INFORMATION THEY HAVE GIVEN US.

09:13AM 20 OKAY. I'LL STEP DOWN AND THEN WE'LL BRING THE JURY OUT.

09:13AM 21 AND THE WITNESS IS HERE? MR. JHAVERI IS HERE?

09:13AM 22 MR. BOSTIC: I BELIEVE SO.

09:13AM 23 THE COURT: GREAT. THANK YOU.

09:13AM 24 (RECESS FROM 9:13 A.M. UNTIL 9:18 A.M.)

09:18AM 25 (JURY IN AT 9:18 A.M.)

09:18AM 1 THE COURT: WE'RE BACK ON THE RECORD IN THE BALWANI  
09:18AM 2 MATTER.

09:18AM 3 ALL COUNSEL ARE PRESENT, MR. BOSTIC, MR. SCHENK.

09:18AM 4 ALL DEFENSE COUNSEL ARE PRESENT. MR. BALWANI IS PRESENT.

09:18AM 5 OUR JURY AND ALTERNATES ARE PRESENT.

09:18AM 6 GOOD MORNING, LADIES AND GENTLEMEN. IT'S NICE TO SEE YOU  
09:19AM 7 AGAIN.

09:19AM 8 BEFORE WE BEGIN, LET ME ASK YOU THAT QUESTION AGAIN.  
09:19AM 9 DURING OUR BREAK, DID ANY OF YOU HAVE CAUSE TO REVIEW, DISCUSS,  
09:19AM 10 DO ANY INVESTIGATION OR LEARN ANYTHING ABOUT THIS CASE OUTSIDE  
09:19AM 11 OF THIS COURTROOM?

09:19AM 12 IF SO, PLEASE RAISE YOUR HAND.

09:19AM 13 I SEE NO HANDS.

09:19AM 14 THANK YOU VERY MUCH.

09:19AM 15 WE WILL BREAK TODAY, LADIES AND GENTLEMEN, ABOUT 2:45.

09:19AM 16 WE'LL END OUR DAY TODAY AT ABOUT 2:45. I THINK WE'RE GOING TO  
09:19AM 17 BREAK AT ABOUT 3:00 O'CLOCK ON ANOTHER DAY. I'LL GIVE YOU THAT  
09:19AM 18 SCHEDULE AFTER OUR BREAK AS WELL.

09:19AM 19 I GAVE YOU SCHEDULES TO SEE ABOUT CAPTURING SOME TIME, AND  
09:19AM 20 I'M GOING TO ASK MS. ROBINSON TO COLLECT THAT INFORMATION FROM  
09:19AM 21 YOU AT SOME POINT IN TIME, AND THEN I'LL SHARE IT WITH THE  
09:19AM 22 LAWYERS AND WE'LL SEE IF THERE'S SOME ADJUSTMENTS WE CAN MAKE.  
09:19AM 23 I APPRECIATE YOUR ATTENTION TO THAT.

09:19AM 24 ANYTHING FURTHER BEFORE WE CALL OUR NEXT WITNESS?

09:20AM 25 MR. SCHENK: NO, YOUR HONOR.

09:20AM 1 THE COURT: MR. COOPERSMITH?

09:20AM 2 MR. COOPERSMITH: NO, YOUR HONOR.

09:20AM 3 THE COURT: ALL RIGHT. THANK YOU.

09:20AM 4 DOES THE GOVERNMENT HAVE ANOTHER WITNESS?

09:20AM 5 MR. SCHENK: YES, YOUR HONOR. THANK YOU.

09:20AM 6 THE GOVERNMENT CALLS NIMESH JHAVERI.

09:20AM 7 THE COURT: SIR, IF YOU WOULD COME FORWARD AND STAND

09:20AM 8 OVER HERE BY THE WITNESS STAND, PLEASE.

09:20AM 9 IF YOU WOULD RAISE YOUR RIGHT HAND, OUR COURTROOM DEPUTY

09:20AM 10 HAS A QUESTION FOR YOU.

09:20AM 11 **(GOVERNMENT'S WITNESS, NIMESH JHAVERI, WAS SWORN.)**

09:20AM 12 THE WITNESS: YES, I DO.

09:20AM 13 THE COURT: PLEASE HAVE A SEAT HERE, SIR, AND MAKE

09:20AM 14 YOURSELF COMFORTABLE.

09:20AM 15 PLEASE ADJUST THAT CHAIR AND MICROPHONE AS YOU NEED.

09:20AM 16 WHEN YOU ARE COMFORTABLE, WOULD YOU PLEASE STATE YOUR NAME

09:21AM 17 AND THEN SPELL IT, PLEASE.

09:21AM 18 THE WITNESS: MY NAME IS NIMESH JHAVERI. NIMESH,

09:21AM 19 N-I-M-E-S-H. LAST NAME, JHAVERI, J-H-A-V-E-R-I.

09:21AM 20 THE COURT: THANK YOU.

09:21AM 21 COUNSEL.

09:21AM 22 **DIRECT EXAMINATION**

09:21AM 23 BY MR. SCHENK:

09:21AM 24 Q. GOOD MORNING, MR. JHAVERI.

09:21AM 25 A. GOOD MORNING.

09:21AM 1 Q. AND IF YOU ARE FULLY VACCINATED, AND WITH THE COURT'S  
09:21AM 2 PERMISSION, I UNDERSTAND THAT YOU CAN TESTIFY WITHOUT A MASK  
09:21AM 3 ON.

09:21AM 4 A. GREAT.

09:21AM 5 THE COURT: THAT'S FINE. THANK YOU.

09:21AM 6 THE WITNESS: THANK YOU.

09:21AM 7 MR. SCHENK: AND I WILL ALSO REMOVE MINE.

09:21AM 8 THANK YOU, YOUR HONOR.

09:21AM 9 Q. MR. JHAVERI, DID YOU WORK FOR A COMPANY CALLED WALGREENS?

09:21AM 10 A. YES, I DID.

09:21AM 11 Q. HOW LONG DID YOU WORK AT WALGREENS?

09:21AM 12 A. TWENTY-NINE YEARS AND FIVE MONTHS.

09:21AM 13 Q. AND WOULD YOU DESCRIBE FOR THE JURY YOUR RESPONSIBILITIES  
09:21AM 14 WHILE YOU WORKED AT WALGREENS?

09:21AM 15 A. SURE. I HAD -- OVER THE 29 YEARS, I HAD VARIOUS POSITIONS  
09:21AM 16 FROM STORE CLERK, FRONT STORE CASHIER, ALL OF THE WAY TO  
09:21AM 17 PHARMACIST TO EXECUTIVE LEVEL POSITIONS BEFORE I LEFT.

09:22AM 18 Q. AND AT THE END OF YOUR TIME THERE, WHAT WERE THE EXECUTIVE  
09:22AM 19 LEVEL POSITIONS THAT YOU HELD?

09:22AM 20 A. I WAS LEADING OUR HEALTH CARE SERVICES STRATEGY AND  
09:22AM 21 DEVELOPMENT.

09:22AM 22 Q. AND WHAT DOES THAT MEAN?

09:22AM 23 A. SO WALGREENS WAS IN THE PROCESS OF MOVING FROM SIMPLY  
09:22AM 24 RETAIL PHARMACY TO ALSO PROVIDING HEALTH CARE SERVICES, VARIOUS  
09:22AM 25 SERVICES THAT ARE GOOD FOR THE PATIENT, FOR THE CUSTOMER, AND



09:22AM 1 SO I WAS LEADING THE DEVELOPMENT OF THE STRATEGY FOR THAT, AS  
09:22AM 2 WELL AS DETERMINING WHAT KIND OF SERVICES WE COULD INCORPORATE  
09:22AM 3 INTO THE STORE.

09:22AM 4 Q. AND WHEN DID YOU LEAVE WALGREENS?

09:22AM 5 A. I LEFT IN OCTOBER OF 2018.

09:22AM 6 Q. I'M SORRY. OF?

09:22AM 7 A. 2018.

09:22AM 8 Q. 2018.

09:22AM 9 AND THE EXECUTIVE LEVEL POSITIONS THAT YOU'VE JUST  
09:22AM 10 DESCRIBED, WAS THAT AT THE END OF YOUR TIME?

09:22AM 11 A. IT WAS, SIR.

09:22AM 12 Q. DO YOU KNOW ROUGHLY WHEN YOU STARTED AT THOSE EXECUTIVE  
09:22AM 13 LEVEL POSITIONS?

09:22AM 14 A. PROBABLY SOMETIME IN THE YEAR 2000 I WAS BROUGHT INTO THE  
09:23AM 15 CORPORATE OFFICE TO LEAD OUR PHARMACY OPERATIONS FOR THE  
09:23AM 16 EASTERN ONE-THIRD OF THE COMPANY.

09:23AM 17 AND THEN FROM THERE UNTIL OCTOBER OF 2018, I HELD SEVERAL  
09:23AM 18 DIFFERENT ROLES FROM PHARMACY OPERATIONS TO HEALTH CARE  
09:23AM 19 SERVICES DEVELOPMENT AND THINGS IN THE MIDDLE, HR.

09:23AM 20 SO ALL SORTS OF DIFFERENT ROLES THAT THEY PROVIDED  
09:23AM 21 EXPERIENCE FOR US FOR.

09:23AM 22 Q. WOULD YOU PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL  
09:23AM 23 BACKGROUND FOR THE JURY?

09:23AM 24 A. SURE.

09:23AM 25 I HAVE MY PHARMACY DEGREE. I WAS A LICENSED PHARMACIST IN

09:23AM 1 TWO STATES, NEW JERSEY AND ILLINOIS.

09:23AM 2 I ALSO HAVE MY MBA FROM LAKE FORREST GRADUATE SCHOOL OF  
09:23AM 3 MANAGEMENT IN ORGANIZATIONAL BEHAVIOR.

09:23AM 4 Q. WHILE YOU WERE WORKING AT WALGREENS, DID YOU BECOME  
09:23AM 5 FAMILIAR WITH A COMPANY CALLED THERANOS?

09:23AM 6 A. I DID.

09:23AM 7 Q. AND DO YOU REMEMBER WHEN YOU FIRST BECAME FAMILIAR WITH  
09:23AM 8 THERANOS?

09:23AM 9 A. SURE. IT WAS PROBABLY SOMETIME IN THE 2010, 2011  
09:23AM 10 TIMEFRAME. I WAS LEADING AN INITIATIVE WHICH SUBSEQUENTLY WAS  
09:24AM 11 NAMED WELL EXPERIENCE. IT WAS THE REDESIGNING OF OUR  
09:24AM 12 PHARMACIES IN OUR STORES, AND THAT'S WHEN I CAME ACROSS MEETING  
09:24AM 13 WITH MS. HOLMES AND MR. BALWANI.

09:24AM 14 Q. AND WOULD YOU TAKE A MOMENT AND DESCRIBE THE WELL  
09:24AM 15 EXPERIENCE TO THE JURY. WHAT IS THAT?

09:24AM 16 A. SURE. WHAT WE WERE DOING DURING THAT 2010, 2011  
09:24AM 17 TIMEFRAME -- AND WHEN I SAY "WE," WALGREENS -- WAS TO REFRESH  
09:24AM 18 OUR STORES, MAKE THE STORES MORE MODERN.

09:24AM 19 WE WERE ALSO REFRESHING OUR AREAS TO BRING THE PHARMACISTS  
09:24AM 20 OUT FROM BEHIND THE COUNTERS SO THEY'RE MORE ACCESSIBLE FOR  
09:24AM 21 PATIENTS, FOR CUSTOMERS.

09:24AM 22 MANY TIMES WHEN YOU GO INTO A DRUG STORE, THE PHARMACISTS  
09:24AM 23 MAY NOT BE SEEN OR THEY'RE IN THE BACK DOING SOME WORK, AND  
09:24AM 24 WHAT WE WERE TRYING TO DO IS TO SAY, HEY, THE RIGHT PLACE FOR  
09:24AM 25 OUR PHARMACISTS AND THEIR STAFF IS IN FRONT OF THE PATIENTS, IN

09:24AM 1 FRONT OF THE CUSTOMERS SO THEY CAN ASK QUESTIONS FREELY.

09:24AM 2 AND SO WE WERE REDESIGNING ALL OF THE STORES TO DO THAT

09:25AM 3 ONE AT A TIME.

09:25AM 4 Q. AND WAS IT DURING THIS WORK THAT YOU WERE DOING THAT YOU

09:25AM 5 CALL THE WELL EXPERIENCE THAT YOU BECAME FAMILIAR WITH

09:25AM 6 MS. HOLMES AND MR. BALWANI?

09:25AM 7 A. YES, SIR.

09:25AM 8 Q. HOW SO?

09:25AM 9 A. I ACTUALLY -- ACTUALLY, I KNEW THAT THE COMPANY,

09:25AM 10 WALGREENS, WAS SPEAKING TO A COMPANY CALLED THERANOS.

09:25AM 11 BUT WHEN I REALLY HAD MY FIRST INTERACTION WITH

09:25AM 12 MR. BALWANI AND MS. HOLMES, I RECEIVED A PHONE CALL FROM ONE OF

09:25AM 13 OUR EXECUTIVES THAT THEY WERE MEETING WITH THEM AT THE

09:25AM 14 WALGREENS CORPORATE OFFICE, AND THEY WOULD LOVE TO SEE THIS NEW

09:25AM 15 WELL EXPERIENCE STORE, THIS NEW REDESIGNED STORE THAT WAS NOT

09:25AM 16 TOO FAR FROM THE CORPORATE OFFICE.

09:25AM 17 SO I SAID I WAS MORE THAN HAPPY TO DO THAT. IT WAS IN

09:25AM 18 WHEELING, ILLINOIS, NOT TOO FAR FROM THE CORPORATE

09:25AM 19 HEADQUARTERS, AND I MET MR. BALWANI AND MS. HOLMES AT THE

09:25AM 20 STORE, PROVIDED THEM WITH AN OVERVIEW, A TOUR OF THE STORE, THE

09:25AM 21 SPACE.

09:25AM 22 AND WE SPENT A LITTLE TIME SPEAKING ABOUT A SPACE CALLED

09:26AM 23 THE COMMUNITY ROOM, WHICH WAS A LARGE SPACE WHERE WE COULD

09:26AM 24 DELIVER HEALTH CARE SERVICES, TESTING FOR GLUCOSE, TESTING FOR

09:26AM 25 YOUR LIPIDS, OR WE CAN DO EDUCATIONAL SESSIONS THERE. IT WAS

09:26AM 1 JUST AN OPEN SPACE.

09:26AM 2 SO WE SPOKE ABOUT THAT THE LONG-TERM PLAN WOULD BE TO USE  
09:26AM 3 THIS SPACE TO PROVIDE OTHER HEALTH CARE SERVICES IN CONJUNCTION  
09:26AM 4 WITH, OF COURSE, THE PHARMACY.

09:26AM 5 SO WE SPENT PROBABLY ABOUT 15, 20 MINUTES TOGETHER. I HAD  
09:26AM 6 AN OPPORTUNITY TO MEET THEM FOR THE FIRST TIME.

09:26AM 7 AND THAT WAS THE END OF THE VISIT.

09:26AM 8 Q. A MOMENT AGO, DID YOU SAY THAT THE STORE WAS LOCATED IN  
09:26AM 9 WHEELING, ILLINOIS?

09:26AM 10 A. YES.

09:26AM 11 Q. AND IS THAT W-H-E-E-L-I-N-G?

09:26AM 12 A. THAT'S RIGHT.

09:26AM 13 Q. AND YOU SAID THAT DURING THIS MEETING -- HOW LONG DID IT  
09:26AM 14 LAST?

09:26AM 15 A. IT WAS VERY SHORT, 15, 20 MINUTES AT MAX.

09:26AM 16 Q. AND WAS THAT WALKING THROUGH THIS STORE IN WHEELING?

09:26AM 17 A. YES. SO THE BACK OF THE STORE TOWARDS WHERE MOST OF YOU  
09:26AM 18 WOULD FIND A PHARMACY AREA, THAT'S WHERE WE REALLY SPENT MOST  
09:27AM 19 OF OUR TIME TO PROVIDE THEM WITH AN OVERVIEW OF WHAT THE NEW  
09:27AM 20 PHARMACY DEPARTMENT WOULD LOOK LIKE, AND THERE WAS A NEW  
09:27AM 21 CONSULTATION ROOM OR A PRIVATE ROOM WHERE -- LET'S SAY YOU  
09:27AM 22 WANTED TO GET YOUR VACCINES OR YOU WANTED TO SPEAK TO OUR  
09:27AM 23 PHARMACIST.

09:27AM 24 I SHOWED THEM THAT ROOM AND THE WAITING AREA, AND THEN OF  
09:27AM 25 COURSE THAT COMMUNITY SPACE THAT I SPOKE ABOUT.

09:27AM 1 Q. WHEN YOU WERE IN THE WALGREENS STORE WITH MS. HOLMES AND  
09:27AM 2 MR. BALWANI, AT THAT TIME DID YOU KNOW WHAT LINE OF BUSINESS  
09:27AM 3 THERANOS WAS IN?

09:27AM 4 A. I HAD, I HAD AN IDEA OF EXACTLY, YOU KNOW, WHAT -- THE  
09:27AM 5 IDEA WAS A NEW TECHNOLOGY FOR LAB TESTING AND THINGS OF THAT  
09:27AM 6 NATURE.

09:27AM 7 Q. DID YOU HAVE CONVERSATIONS WITH MS. HOLMES OR MR. BALWANI  
09:27AM 8 ON THIS PARTICULAR DAY ABOUT THEIR BUSINESS?

09:27AM 9 A. I DON'T RECALL HAVING A CONVERSATION ABOUT THE BUSINESS.  
09:27AM 10 THE PURPOSE OF THE VISIT WAS PRIMARILY FOR ME TO SHOW THEM  
09:27AM 11 THE SPACE.

09:27AM 12 Q. OKAY. AFTER THIS DAY AT A WALGREENS STORE IN ILLINOIS,  
09:28AM 13 WAS THAT YOUR LAST EXPOSURE TO THERANOS, OR DID YOU HAVE  
09:28AM 14 FURTHER?

09:28AM 15 A. I DID HAVE FURTHER EXPOSURE SEVERAL YEARS LATER WHEN  
09:28AM 16 WALGREENS DID OPEN UP THE FIRST COUPLE OF STORES. I THINK IT  
09:28AM 17 WAS 2013 IF I'M NOT MISTAKEN. I DID HAVE AN OPPORTUNITY TO  
09:28AM 18 VISIT THE THERANOS HEADQUARTERS AND MEET WITH MS. HOLMES AND  
09:28AM 19 MR. BALWANI AT THE CORPORATE HEADQUARTERS OF THERANOS WITH SOME  
09:28AM 20 OTHER WALGREENS EXECUTIVES.

09:28AM 21 Q. AND THIS MEETING THAT YOU'RE DESCRIBING TO THE JURY, WAS  
09:28AM 22 THAT IN 2013?

09:28AM 23 A. I BELIEVE SO.

09:28AM 24 Q. AND WHAT WAS YOUR ROLE IN THE THERANOS-WALGREENS  
09:28AM 25 RELATIONSHIP NOW IN 2013?

09:28AM 1 A. SO 2013 WE WERE CONTINUING THE WORK THAT WE WERE DOING  
09:28AM 2 WITH WELL EXPERIENCE, WHICH WAS THE REDESIGNING OF OUR STORES.

09:28AM 3 AND KERMIT CRAWFORD, WHO WAS OUR PRESIDENT OF PHARMACY AND  
09:28AM 4 HEALTH CARE AT THE TIME, ASKED ME TO GO SO I COULD BETTER  
09:28AM 5 UNDERSTAND WHAT THE REQUIREMENTS WOULD BE IF WE PUT THIS TYPE  
09:29AM 6 OF A SERVICE INSIDE OF A STORE.

09:29AM 7 AND SO MY JOB WAS PRIMARILY TO UNDERSTAND WHAT ARE THE  
09:29AM 8 SPACE REQUIREMENTS THAT ARE REQUIRED. ARE THERE ANY SPECIFIC  
09:29AM 9 THINGS THAT I NEED TO BE BUILDING FOR? YOU KNOW, WHAT KIND OF  
09:29AM 10 TABLE, A CHAIR, OR A HEALTH CARE EQUIPMENT THAT I NEED TO  
09:29AM 11 ACCOUNT FOR IN THAT DESIGN? THAT'S REALLY WHAT THE PRIMARY  
09:29AM 12 GOAL WAS FOR ME.

09:29AM 13 AS YOU CAN IMAGINE, REMODELING A STORE, A RETAIL STORE IS  
09:29AM 14 NOT EASY, ESPECIALLY WHEN THE STORE IS OPEN. WE WANT TO MAKE  
09:29AM 15 SURE IT'S SAFE. WE WANT TO MAKE SURE THAT THE TEAM MEMBERS ARE  
09:29AM 16 ALSO SAFE, CUSTOMERS ARE SAFE. WE WANT TO TRY TO MINIMIZE THE  
09:29AM 17 TOUCHES ON A STORE; IN OTHER WORDS, MINIMIZE THE AMOUNT OF  
09:29AM 18 CONSTRUCTION TIME.

09:29AM 19 SO IF WE CAN INCORPORATE ALL OF THE THINGS THAT  
09:29AM 20 POTENTIALLY COULD BE COMING DOWN SORT OF THE PIPELINE, THEN WE  
09:29AM 21 WOULD LIKE TO DO THAT. IT'S BETTER FOR CUSTOMERS, IT'S BETTER  
09:29AM 22 FOR TEAM MEMBERS, IT'S CERTAINLY BETTER FOR THE COMPANY  
09:29AM 23 OVERALL.

09:29AM 24 Q. IN 2013 WHEN YOU BEGAN THIS EFFORT THAT YOU'VE DESCRIBED  
09:30AM 25 AS PART OF THE WELL EXPERIENCE, WHAT KINDS OF THINGS DID YOU DO

09:30AM 1 TO GET YOURSELF FAMILIAR WITH THERANOS OR WHAT THE RELATIONSHIP  
09:30AM 2 BETWEEN THERANOS AND WALGREENS WOULD LOOK LIKE?

09:30AM 3 A. YEAH. IT WAS PRIMARILY DISCUSSIONS WITH SEVERAL OF THE  
09:30AM 4 WALGREENS EXECUTIVES AT THE TIME THAT WERE INTIMATELY INVOLVED  
09:30AM 5 WITH THAT PARTNERSHIP, UNDERSTANDING WHAT THE SERVICE OFFERING  
09:30AM 6 WOULD BE, UNDERSTANDING HOW IT WOULD INCORPORATE INTO THE  
09:30AM 7 WORKFLOW OF OUR PHARMACY, THINGS OF THAT NATURE.

09:30AM 8 Q. WHEN YOU WERE CONSIDERING REDESIGNING WALGREENS STORES,  
09:30AM 9 HOW MUCH SPACE DID YOU HAVE AT YOUR FINGERTIPS? WHAT KIND OF  
09:30AM 10 SPACE WERE YOU WORKING WITH?

09:30AM 11 A. YEAH. SO AS YOU KNOW, MOST WALGREENS DRUG STORES ARE  
09:30AM 12 ABOUT 10,000 SQUARE FEET ON THE FRONT, YOU KNOW, THE FULL --  
09:30AM 13 NOT INCLUDING STOCK IN THE BACK OF THE STORE. THAT'S WHAT WE  
09:30AM 14 CALL THE SELLING SPACE.

09:30AM 15 AND OF THAT SPACE, ABOUT 1500 SQUARE FEET IS WHAT WE WOULD  
09:31AM 16 DEEM THE PHARMACY AREA, WHAT YOU WOULD GO IN THE BACK.

09:31AM 17 AND SO WHAT WE WERE DEALING WITH IS HOW DO WE INCORPORATE  
09:31AM 18 A SERVICE LIKE THERANOS INTO THAT SPACE ALONG WITH OUR PHARMACY  
09:31AM 19 DEPARTMENT.

09:31AM 20 Q. AND AT THIS TIME, AGAIN, IN 2013, DID YOU HAVE ANY  
09:31AM 21 KNOWLEDGE ABOUT THE SIZE OF THE EQUIPMENT THAT THERANOS USED TO  
09:31AM 22 TEST BLOOD?

09:31AM 23 A. NOT REALLY. YOU KNOW, I KNEW THAT POTENTIALLY THERE MIGHT  
09:31AM 24 BE, YOU KNOW, SOME EQUIPMENT THAT WOULD BE NECESSARY,  
09:31AM 25 EVERYTHING FROM A CENTRIFUGE, TO A REFRIGERATOR, TO A POTENTIAL

09:31AM 1 TESTING MACHINE. I DIDN'T KNOW THE SPECIFICS AT THE TIME.

09:31AM 2 THE IDEA FOR MY TEAM AND I WAS JUST TO UNDERSTAND OVERALL

09:31AM 3 SPACE COMMITMENTS, YOU KNOW, DOES IT HAVE TO BE 10 BY 10? DOES

09:31AM 4 IT HAVE TO BE 8 BY 17? OF COURSE IT HAS TO BE ADA COMPATIBLE.

09:31AM 5 YOU KNOW, DOES IT HAVE TO HAVE A DOOR? NOT A DOOR? WHAT

09:31AM 6 KIND OF LIGHTING?

09:31AM 7 IT WAS PRIMARILY AT THAT LEVEL.

09:32AM 8 AND THEN ONCE WE STARTED TO BUILD THE STORES AND WE

09:32AM 9 STARTED TO UNDERSTAND WHAT THE REQUIREMENTS WERE, WE TOOK IT

09:32AM 10 FROM THERE.

09:32AM 11 Q. GREAT. THANK YOU.

09:32AM 12 YOUR HONOR, MAY I APPROACH?

09:32AM 13 THE COURT: YES.

09:32AM 14 MR. SCHENK: (HANDING.)

09:32AM 15 THE COURT: MR. COOPERSMITH, YOU HAVE A BINDER?

09:32AM 16 MR. COOPERSMITH: YES, YOUR HONOR. THANK YOU.

09:32AM 17 MR. SCHENK: AND I THINK THE COURT HAS ONE.

09:32AM 18 Q. MR. JHAVERI, IF YOU WOULD TURN IN THE BINDER I HAVE NOW

09:32AM 19 HANDED YOU TO TAB 372.

09:32AM 20 YOUR HONOR, 372 HAS ALREADY BEEN ADMITTED. PERMISSION TO

09:32AM 21 PUBLISH?

09:32AM 22 THE COURT: YES.

09:32AM 23 BY MR. SCHENK:

09:32AM 24 Q. MR. JHAVERI, I'M SHOWING YOU -- AND THERE'S A SCREEN IN

09:32AM 25 FRONT OF YOU, AND YOU ALSO HAVE A PAPER COPY. USE WHICHEVER



09:32AM 1 YOU FEEL MORE COMFORTABLE WITH.

09:32AM 2 I'M SHOWING YOU A DOCUMENT THAT IS ENTITLED THERANOS  
09:32AM 3 MASTER PURCHASE AGREEMENT.

09:32AM 4 DO YOU SEE THAT?

09:32AM 5 A. I DO.

09:32AM 6 Q. AND AT THE TOP OF THE DOCUMENT, IS IT DATED IN JULY OF  
09:33AM 7 2010?

09:33AM 8 A. THAT'S CORRECT.

09:33AM 9 Q. WAS -- IN ADDITION TO SPEAKING WITH OTHER INDIVIDUALS AT  
09:33AM 10 WALGREENS TO LEARN ABOUT THE THERANOS-WALGREENS RELATIONSHIP,  
09:33AM 11 DID YOU ALSO REVIEW SOME DOCUMENTS TO HELP GET YOURSELF UP TO  
09:33AM 12 SPEED ON THE WALGREENS-THERANOS RELATIONSHIP?

09:33AM 13 A. YES. ONCE I BECAME MORE INVOLVED WITH THE PROJECT ITSELF,  
09:33AM 14 OF COURSE I REVIEWED ALL OF THE AGREEMENTS IN PLACE, DOCUMENTS  
09:33AM 15 ON WHAT THE STATUS IS OF A PARTICULAR PROJECT, SPEAKING TO SOME  
09:33AM 16 OF OUR TEAM MEMBERS THAT WERE ALREADY INVOLVED WITH THE  
09:33AM 17 THERANOS TEAM. THOSE WERE SOME OF THE THINGS THAT I DID TO  
09:33AM 18 LEARN MORE.

09:33AM 19 Q. AND WAS THIS PURCHASE AGREEMENT FROM 2010 ONE OF THE  
09:33AM 20 DOCUMENTS THAT YOU REVIEWED TO HELP YOURSELF GET UP TO SPEED?

09:33AM 21 A. YES, SIR.

09:33AM 22 Q. WOULD YOU TURN NOW TO PAGE 4. THE DOCUMENTS HAVE IN THE  
09:33AM 23 FOOTER IN THE MIDDLE AT THE BOTTOM A TRIAL EXHIBIT NUMBER AND A  
09:34AM 24 PAGE NUMBER. SO AS I REFER TO EXHIBIT AND PAGE NUMBERS, THAT'S  
09:34AM 25 WHERE I WILL BE LOOKING.

09:34AM 1 A. RIGHT.

09:34AM 2 Q. AND THERE'S ONE CALLED NUMBER 4 AND IT'S SCHEDULE A.

09:34AM 3 DO YOU SEE THAT?

09:34AM 4 A. I DO.

09:34AM 5 Q. OF THE SORT OF UNDER NUMBER 1 BACKGROUND, THE SECOND

09:34AM 6 PARAGRAPH UP FROM THE BOTTOM BEGINS, "THE ABILITY."

09:34AM 7 DO YOU SEE THAT?

09:34AM 8 A. I DO.

09:34AM 9 Q. IT READS, "THE ABILITY TO RUN BLOOD TESTS FROM A

09:34AM 10 FINGERSTICK IN LESS THAN AN HOUR AT WALGREENS' PHARMACIES

09:34AM 11 CREATES A NEW WORKFLOW AND A NEW DIAGNOSTIC PARADIGM FOR HEALTH

09:34AM 12 CARE."

09:34AM 13 MR. JHAVERI, WAS THAT SENTENCE AN ACCURATE DESCRIPTION OF

09:34AM 14 WHAT YOU UNDERSTOOD THE THERANOS TECHNOLOGY TO BE OFFERING

09:34AM 15 WALGREENS AT THE TIME?

09:34AM 16 MR. COOPERSMITH: OBJECTION, YOUR HONOR. QUESTION

09:34AM 17 AS TO TIME. THE QUESTION IS VAGUE.

09:34AM 18 THE COURT: DO YOU WANT TO JUST TIME STAMP THE

09:34AM 19 QUESTION.

09:34AM 20 MR. SCHENK: YES.

09:34AM 21 Q. MR. JHAVERI, YOU DESCRIBED TO THE JURY EARLIER THAT YOU

09:34AM 22 TRANSITIONED AGAIN TO WORK ON THE THERANOS-WALGREENS

09:35AM 23 RELATIONSHIP IN 2013; IS THAT RIGHT?

09:35AM 24 A. IT WAS TOWARDS THE LATTER OF 2013 AND THEN INTO 2014 IS

09:35AM 25 WHEN I STARTED TO REALLY BECOME MORE INVOLVED.

09:35AM 1 Q. AND WE'LL GET TO THIS A LITTLE BIT LATER, BUT YOU  
09:35AM 2 DESCRIBED THERE WAS AN INSTANCE WHEN YOU WENT TO THERANOS  
09:35AM 3 HEADQUARTERS IN PALO ALTO.

09:35AM 4 DO YOU RECALL THAT?

09:35AM 5 A. I DO.

09:35AM 6 Q. AND WAS THAT IN 2013?

09:35AM 7 A. I BELIEVE SO, YES.

09:35AM 8 Q. AND SO IN 2013, WAS THIS SENTENCE THAT I READ TO YOU A  
09:35AM 9 MOMENT AGO AN ACCURATE DESCRIPTION OF YOUR UNDERSTANDING OF  
09:35AM 10 WHAT THE THERANOS TECHNOLOGY INSIDE OF A WALGREENS STORE WOULD  
09:35AM 11 OFFER TO PATIENTS?

09:35AM 12 A. YES.

09:35AM 13 Q. I'M SORRY?

09:35AM 14 A. YES.

09:35AM 15 Q. IN IT, IT INCLUDES REFERENCES TO BLOOD TESTS FROM A  
09:35AM 16 FINGERSTICK.

09:35AM 17 DID YOU UNDERSTAND THAT THERANOS WAS OFFERING TO COMPLETE  
09:35AM 18 BLOOD TESTING ON PATIENTS FROM BLOOD DRAWS FROM A FINGER?

09:36AM 19 A. THAT'S CORRECT.

09:36AM 20 Q. AND DID YOU UNDERSTAND THAT THE TURN-AROUND TIME, THE  
09:36AM 21 AMOUNT OF TIME IT WOULD TAKE FOR A BLOOD TEST TO GENERATE A  
09:36AM 22 RESULT, WAS, AS IT SAYS HERE, IN LESS THAN AN HOUR AT WALGREENS  
09:36AM 23 PHARMACIES, AGAIN IN 2013?

09:36AM 24 A. YES. I DIDN'T KNOW THE EXACT TIME, BUT I KNEW IT WAS  
09:36AM 25 VERY, VERY EFFICIENT AND FAST, AND IN UNDER AN HOUR YOU WOULD

09:36AM 1 HAVE THE RESULTS.

09:36AM 2 Q. UNDER NUMBER 2 ON THIS PAGE, THERE'S SOMETHING CALLED  
09:36AM 3 PROGRAM OBJECTIVES, AND THEN A SUBPARAGRAPH A.

09:36AM 4 DO YOU SEE WHERE I AM?

09:36AM 5 A. YES, SIR.

09:36AM 6 Q. IT READS, "MAKE BLOOD TESTING FASTER, AND FAR MORE  
09:36AM 7 ACCESSIBLE, EFFECTIVE, AND ACTIONABLE BY INTRODUCING A MORE  
09:36AM 8 COST EFFECTIVE, REALTIME BLOOD TESTING SERVICE AT WALGREENS  
09:36AM 9 STORES AND WALGREENS' OTHER CLINICAL OPERATIONS NATIONWIDE."

09:36AM 10 DO YOU SEE THAT?

09:36AM 11 A. I DO.

09:36AM 12 Q. AND WAS THIS ALSO ACCURATE AT THE TIME, THAT IS 2013,  
09:36AM 13 REGARDING YOUR UNDERSTANDING OF WHAT THERANOS WAS OFFERING TO  
09:37AM 14 WALGREENS PATIENTS?

09:37AM 15 A. YES, SIR.

09:37AM 16 Q. IF YOU'LL NOW PLEASE TURN TO PAGE 6.

09:37AM 17 ON PAGE 6 WE SEE SCHEDULE B, AND UNDER NUMBER 2 THERE'S  
09:37AM 18 SOMETHING CALLED "BEST PRICE GUARANTEE?"

09:37AM 19 DO YOU SEE THAT?

09:37AM 20 A. I DO.

09:37AM 21 Q. AND IF WE CAN BLOW UP 2 AND DOWN THROUGH THE A, B, AND C,  
09:37AM 22 PLEASE, MS. WACHS.

09:37AM 23 THANK YOU.

09:37AM 24 THE LAST SENTENCE OF THE PARAGRAPH UNDER NUMBER 2 READS,  
09:37AM 25 "FOR PURPOSES OF THIS AGREEMENT, AVAILABLE CARTRIDGES INCLUDE

09:37AM 1 FIRST GENERATION CARTRIDGES OF THERANOS SYSTEMS VERSIONS 1, 2,  
09:37AM 2 AND 3 AS DEFINED BELOW."

09:37AM 3 MR. JHAVERI, DO YOU HAVE AN UNDERSTANDING OF WHAT VERSIONS  
09:37AM 4 1, 2, AND 3 REFERRED TO?

09:37AM 5 A. YES. WHEN I STARTED WORKING ON THE PROJECT, MR. BALWANI  
09:37AM 6 AND I DISCUSSED WHAT THE TESTS WERE THAT WERE BEING OFFERED.  
09:38AM 7 VERSION 1 TESTS WERE YOUR NORMAL ROUTINE TESTS THAT YOU WOULD  
09:38AM 8 RECEIVE, LIKE A CBC AND THINGS OF THAT NATURE.

09:38AM 9 VERSION 2 WERE TESTS THAT THERANOS TEAMS WERE WORKING ON,  
09:38AM 10 STD, THINGS OF THAT NATURE.

09:38AM 11 AND VERSION 3 TESTS WERE PLANNED TO BE THESE PREDICTIVE  
09:38AM 12 TESTS THAT THEY COULD THEN DETERMINE IF YOU ARE PREDISPOSED TO  
09:38AM 13 CANCER, THINGS OF THAT NATURE.

09:38AM 14 BUT THOSE WERE LONG-TERM. THEY WERE NOT IN EXISTENCE  
09:38AM 15 TODAY.

09:38AM 16 Q. YOU STARTED THAT DESCRIPTION BY SAYING THAT YOU HAD  
09:38AM 17 CONVERSATIONS WITH MR. BALWANI; IS THAT RIGHT?

09:38AM 18 A. THAT'S RIGHT.

09:38AM 19 Q. WHO WAS YOUR MAIN POINT OF CONTACT OVER THE YEARS WHEN YOU  
09:38AM 20 WORKED ON THIS PROJECT AT THERANOS?

09:38AM 21 A. YEAH. ONCE I WAS FULLY INVOLVED IN THE PROJECT, IT WAS  
09:38AM 22 MR. BALWANI THAT WAS MY DAY-TO-DAY INTERACTIONS, IF YOU WANT TO  
09:38AM 23 CALL IT THAT.

09:38AM 24 Q. YOU SAID THAT VERSION 3 WERE -- LET ME ASK YOU, WERE THEY  
09:38AM 25 TESTS THAT THERANOS, AS YOU UNDERSTOOD IT, CURRENTLY HAD

09:38AM 1 AVAILABLE, OR THEY WERE FUTURE?

09:38AM 2 A. THEY WERE FUTURE TESTS.

09:39AM 3 Q. HOW ABOUT VERSION 1? WHAT WAS YOUR UNDERSTANDING WITH  
09:39AM 4 REGARD TO VERSION 1?

09:39AM 5 A. VERSION 1 TESTS WERE WHAT THEY OFFERED TODAY AT THE TIME.

09:39AM 6 Q. I'M SORRY?

09:39AM 7 A. VERSION 1 TESTS WERE THE TESTS THAT THEY WERE OFFERING AT  
09:39AM 8 THAT TIME.

09:39AM 9 Q. AND DID SOMEONE AT THERANOS TELL YOU THAT?

09:39AM 10 A. THAT WAS IN THE DISCUSSIONS THAT WE'D HAD AS TEAMS.

09:39AM 11 Q. AND TO BE MORE SPECIFIC, DO YOU REMEMBER IF THERE WAS AN  
09:39AM 12 INDIVIDUAL AT THERANOS WHO PROVIDED YOU WITH THAT INFORMATION,  
09:39AM 13 THAT VERSION 1 WAS AVAILABLE TODAY?

09:39AM 14 A. MR. BALWANI AND I HAD DISCUSSIONS ABOUT WHICH TESTS WERE  
09:39AM 15 BEING OFFERED.

09:39AM 16 HE ALSO REFERRED ME TO THE WEBSITE, THE THERANOS WEBSITE  
09:39AM 17 WHERE ALL OF THE TESTS WERE LISTED. SO WE HAD A REAL GOOD IDEA  
09:39AM 18 OF EXACTLY WHAT TESTS THEY WERE AND WHAT WAS BEING OFFERED AT  
09:39AM 19 THE TIME.

09:39AM 20 Q. AND IF YOU'LL NOW LOOK AT 2(A), VERSION 1, IT READS, "ALL  
09:39AM 21 ROUTINE LABORATORY TESTS SPECIFIED ON SCHEDULE D."

09:39AM 22 DO YOU SEE THAT?

09:39AM 23 A. I DO.

09:39AM 24 Q. AND SO LET'S FOLLOW THAT THROUGH TO SEE HOW VERSION 1 IS  
09:40AM 25 DEFINED. IF YOU'LL NOW TURN TO PAGE 23 OF THIS DOCUMENT.

09:40AM 1 DO YOU SEE AT THE TOP OF PAGE 23 THIS PAGE IS TITLED  
09:40AM 2 SCHEDULE D?

09:40AM 3 A. I DO.

09:40AM 4 Q. AND IN THE MIDDLE THERE IS SOME BOLD LANGUAGE THAT READS  
09:40AM 5 "ROUTINE LABORATORY TESTS (VERSION 1) ."

09:40AM 6 DO YOU SEE THAT?

09:40AM 7 A. YES, SIR.

09:40AM 8 Q. AND UNDERNEATH IT SAYS, "LIST ATTACHED TO END OF  
09:40AM 9 AGREEMENT."

09:40AM 10 AND NOW, MR. JHAVERI, IF YOU'LL TURN TO PAGE 37 OF THIS  
09:40AM 11 DOCUMENT.

09:40AM 12 DO YOU SEE BEGINNING ON PAGE 37 SOMETHING CALLED THERANOS  
09:40AM 13 BASE ASSAY LIBRARY?

09:40AM 14 A. I DO.

09:40AM 15 Q. AND WOULD YOU PLEASE COUNT FOR THE JURY HOW MANY PAGES  
09:41AM 16 THIS PORTION GOES ON FOR, PAGES THAT LOOK LIKE THIS?

09:41AM 17 AND, MS. WACHS, IF WE COULD AT THE SAME TIME JUST SCROLL  
09:41AM 18 FROM PAGE 37 THROUGH PAGE 44.

09:41AM 19 A. DO YOU WANT ME TO COUNT EIGHT PAGES?

09:41AM 20 Q. YES, SIR.

09:41AM 21 A. ONE, TWO, THREE, FOUR, FIVE, SIX, SEVEN, EIGHT.  
09:41AM 22 EIGHT TOTAL.

09:41AM 23 Q. THANK YOU.

09:41AM 24 NOW, IF YOU'LL TURN TO PAGE 39.

09:41AM 25 A. YES, SIR.

09:41AM 1 Q. THE EIGHT PAGES THAT YOU'VE JUST COUNTED, DO THEY ALL  
09:41AM 2 ROUGHLY LOOK LIKE PAGE 39?

09:41AM 3 A. YES.

09:41AM 4 Q. DIFFERENT TESTS; IS THAT RIGHT?

09:41AM 5 A. THAT'S CORRECT.

09:41AM 6 Q. ON PAGE 39, ABOUT SIX TESTS DOWN FROM THE TOP, WHICH TEST  
09:42AM 7 IS LISTED THERE?

09:42AM 8 A. COMPLETE CBC.

09:42AM 9 Q. OKAY. AND THEN DOES IT GIVE A FURTHER DESCRIPTION OF A  
09:42AM 10 COMPLETE BLOOD COUNT?

09:42AM 11 A. YES, COMPLETE CBC AUTOMATED BLOOD COUNT, COMPLETE CBC  
09:42AM 12 AUTOMATED HEMOGLOBIN, HEMATOCRIT, RED BLOOD CELLS, WHITE BLOOD  
09:42AM 13 CELLS, AND PLATELET COUNT.

09:42AM 14 Q. THANK YOU VERY MUCH.

09:42AM 15 WAS IT YOUR UNDERSTANDING THAT THE EIGHT PAGES THAT YOU  
09:42AM 16 AND I JUST LOOKED AT WERE A LIST OF THE TESTS THAT THERANOS  
09:42AM 17 TOLD WALGREENS IT COULD RUN?

09:42AM 18 MR. COOPERSMITH: OBJECTION. LEADING.

09:42AM 19 THE COURT: SUSTAINED.

09:42AM 20 BY MR. SCHENK:

09:42AM 21 Q. WHAT WAS THE POINT OF THE LIST THAT WE JUST LOOKED AT?

09:42AM 22 A. IT WAS TO UNDERSTAND WHAT TESTS WERE BEING OFFERED.

09:42AM 23 Q. BY WHOM?

09:42AM 24 A. BY THERANOS.

09:42AM 25 Q. IF YOU'LL NOW TURN TO PAGE 617. I'M SORRY, EXHIBIT 617.



09:43AM 1 MR. JHAVERI, DO YOU RECOGNIZE THIS DOCUMENT?

09:43AM 2 A. I DO.

09:43AM 3 Q. AND IS THIS AN AMENDED MASTER SERVICES AGREEMENT DATED IN  
09:43AM 4 JUNE OF 2012?

09:43AM 5 A. YES, SIR.

09:43AM 6 Q. WAS THIS ALSO ONE OF THE DOCUMENTS THAT YOU REVIEWED WHEN  
09:43AM 7 YOU WERE GETTING YOURSELF UP TO SPEED IN 2013?

09:43AM 8 A. YES, SIR.

09:43AM 9 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 617.

09:43AM 10 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.

09:43AM 11 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

09:43AM 12 (GOVERNMENT'S EXHIBIT 617 WAS RECEIVED IN EVIDENCE.)

09:43AM 13 BY MR. SCHENK:

09:43AM 14 Q. MR. JHAVERI, I'M SHOWING YOU NOW THE FIRST PAGE OF  
09:43AM 15 EXHIBIT 617. IS THIS ONE ENTITLED AMENDED AND RESTATED  
09:43AM 16 THERANOS MASTER SERVICES AGREEMENT?

09:43AM 17 A. IT IS.

09:43AM 18 Q. AND IF YOU'LL NOW TURN TO PAGE 4 OF THIS VERSION.

09:44AM 19 UNDER 2, UNDER PROGRAM OBJECTIVES UNDER SUBPARAGRAPH A, IT  
09:44AM 20 READS, "MAKE TESTING LESS INVASIVE, FASTER, AND FAR MORE  
09:44AM 21 ACCESSIBLE, EFFECTIVE AND ACTIONABLE BY INTRODUCING A MORE COST  
09:44AM 22 EFFECTIVE BLOOD TESTING SERVICE AT WALGREENS STORES AND  
09:44AM 23 WALGREENS' OTHER CLINICAL OPERATIONS NATIONWIDE," AND THEN IT  
09:44AM 24 CONTINUES.

09:44AM 25 MR. JHAVERI, AGAIN, IN 2013 WHEN YOU WERE GETTING UP TO

09:44AM 1 SPEED ON THE PROJECT, IS THIS SUBPARAGRAPH CONSISTENT WITH YOUR  
09:44AM 2 UNDERSTANDING OF WHAT THERANOS WAS OFFERING?

09:44AM 3 A. YES, IT IS.

09:44AM 4 Q. IN PARAGRAPH 3 THAT IS ENTITLED PHASED DISRUPTION, SORT OF  
09:44AM 5 IN THE MIDDLE OF THE PARAGRAPH, DO YOU SEE WHERE IT BEGINS, "IT  
09:44AM 6 IS THE PARTIES' INTENTION FOR WALGREENS TO ACT."

09:44AM 7 DO YOU SEE WHERE I AM? SORT OF FOUR LINES DOWN IN THE  
09:44AM 8 MIDDLE?

09:44AM 9 A. YES, I DO.

09:44AM 10 Q. "IT IS THE PARTIES' INTENTION FOR WALGREENS TO ACT AS A  
09:45AM 11 PATIENT SERVICE CENTER AND COLLECT BLOOD SAMPLES VIA  
09:45AM 12 FINGERSTICK TECHNOLOGY, SMALL SAMPLES OF URINE, SALIVA, FECES,  
09:45AM 13 OR SWABS WITH LABORATORY TESTING TO BE PERFORMED BY THERANOS AT  
09:45AM 14 A CLIA CERTIFIED OFFSITE LABORATORY (PSC PHASE)."

09:45AM 15 DO YOU SEE THAT?

09:45AM 16 A. I DO.

09:45AM 17 Q. AND FIRST OF ALL, WHAT DOES PSC STAND FOR?

09:45AM 18 A. PATIENT SERVICE CENTER.

09:45AM 19 Q. AND WHAT IS THIS DESCRIBING HERE? WHAT IS THE PSC PHASE?

09:45AM 20 A. SO WHAT WE WERE DOING AT THE WALGREENS STORES, A PHARMACY  
09:45AM 21 TECHNICIAN OR A PHLEBOTOMIST WOULD EXTRACT YOUR BLOOD FOR THE  
09:45AM 22 BLOOD TEST, AND THEN THAT BLOOD WOULD BE TRANSPORTED BY COURIER  
09:45AM 23 SERVICE TO THE THERANOS LAB FOR THE TESTING OF THE BLOOD, AND  
09:45AM 24 THEN SUBSEQUENTLY THE RESULTS BEING DETERMINED AND THEN SENT TO  
09:46AM 25 THE PROVIDER.

09:46AM 1 WHAT WE WERE TALKING ABOUT HERE IS -- THE PSC IS WHAT WE  
09:46AM 2 WERE CREATING INSIDE OF EACH OF THE WALGREENS STORES, THE  
09:46AM 3 PATIENT SERVICE CENTER SORT OF SAY OR THE WELLNESS CENTERS.

09:46AM 4 WE USED VARIOUS DIFFERENT NAMES THROUGHOUT THE PROJECT,  
09:46AM 5 BUT THAT'S WHAT WE WERE TALKING ABOUT.

09:46AM 6 Q. AND YOU DESCRIBED JUST A MOMENT AGO BOTH AN EMPLOYEE OF  
09:46AM 7 WALGREENS, A TECHNICIAN, OR A PHLEBOTOMIST WOULD COLLECT THE  
09:46AM 8 BLOOD.

09:46AM 9 WHAT DID YOU MEAN BY THAT?

09:46AM 10 A. WELL, PART OF THE PROJECT, AS WE WERE STARTING IT, WAS TO  
09:46AM 11 MAKE SURE THAT WE COULD TAKE CARE OF THE PATIENTS WHEN THEY  
09:46AM 12 COME IN FOR THEIR ORDER THAT THEIR PHYSICIAN OR PROVIDER GAVE  
09:46AM 13 THEM, AND SO WE TRAINED PHARMACY TECHNICIANS TO DO THE  
09:46AM 14 FINGERSTICK, BECAUSE THEY CAN, AND THERE WAS NO REQUIREMENT  
09:46AM 15 THAT THEY HAVE TO BE A LICENSED PHLEBOTOMIST, THINGS OF THAT  
09:47AM 16 NATURE, TO DO A FINGERSTICK.

09:47AM 17 HOWEVER, IF THE BLOOD DRAW REQUIRED A VENOUS DRAW WHICH IS  
09:47AM 18 YOUR TRADITIONAL -- IF YOU EVER GO TO A LAB AND HAVE A VENOUS  
09:47AM 19 DRAW, THREE TEST TUBES OR TWO TEST TUBES OR WHATEVER THE CASE  
09:47AM 20 IS, THAT DOES REQUIRE A LICENSED PHLEBOTOMIST.

09:47AM 21 SO IN THIS CASE WE HAD BOTH OF THOSE INDIVIDUALS AVAILABLE  
09:47AM 22 DEPENDING ON WHAT WAS NEEDED FOR THE PATIENT.

09:47AM 23 Q. SO DID YOU KNOW THAT THERANOS BLOOD TESTING WOULD REQUIRE  
09:47AM 24 AT LEAST SOME VEIN DRAWS?

09:47AM 25 A. AT THAT TIME, YES, WE DID KNOW THAT, YOU KNOW, ABOUT

09:47AM 1 40 PERCENT WAS THROUGH THE VEIN VERSUS THE FINGERSTICK.

09:47AM 2 Q. AND DID YOU HAVE CONVERSATIONS WITH MR. BALWANI ABOUT THAT  
09:47AM 3 FACT, THAT SOME OF THE BLOOD TESTING WOULD BE DONE BY  
09:47AM 4 VENIPUNCTURE OR USING A PHLEBOTOMIST?

09:47AM 5 A. YES, MR. BALWANI AND I DISCUSSED THAT.

09:47AM 6 Q. AND DID YOU TALK TO MR. BALWANI ABOUT WHY THAT WOULD BE  
09:47AM 7 NECESSARY? WHY THERANOS WOULD NOT BE ABLE TO DO ALL TESTING  
09:48AM 8 THROUGH FINGERSTICK?

09:48AM 9 A. YES, IT WAS -- WHEN WE STARTED THE PROJECT, WE WANTED TO  
09:48AM 10 MAKE SURE THAT WE DETERMINED THAT WE ARE HITTING ON ALL OF THE  
09:48AM 11 METRICS THAT WE COCREATED, MEANING THERANOS AND WALGREENS TEAMS  
09:48AM 12 DETERMINED WHICH METRICS WE WANTED TO GO AFTER THAT WOULD DEEM  
09:48AM 13 IT TO BE SUCCESSFUL.

09:48AM 14 AND EVERYTHING FROM HOW LONG THE PATIENT WAITED, HOW LONG  
09:48AM 15 IT TOOK FOR THE ENTIRE INTERACTION TO OCCUR, HOW LONG IT TOOK  
09:48AM 16 FOR YOU TO GET CHECKED IN, YOU KNOW, TO THE NUMBER OF  
09:48AM 17 TECHNICIANS THAT WERE BEING TRAINED, HOW LONG DID IT TAKE TO  
09:48AM 18 TRAIN THEM? HOW WAS THE BLOOD DRAWN FROM THE PATIENT? WAS IT  
09:48AM 19 BY FINGERSTICK OR BY THE VENOUS DRAW?

09:48AM 20 AND SO WE MEASURED ALL OF THIS AND THESE ARE METRICS THAT  
09:48AM 21 WE MONITORED, AND MR. BALWANI AND I HAD DISCUSSIONS ON IT, AS  
09:48AM 22 WELL AS THE TEAMS HAD DISCUSSIONS WHEN THEY MET ON A REGULAR  
09:48AM 23 BASIS TO ENSURE THAT WE WERE HITTING ON THOSE METRICS.

09:49AM 24 AND IF WE WEREN'T, THEN LET'S MAKE SURE THAT WE UNDERSTAND  
09:49AM 25 WHAT WE NEED TO DO TO FIX THEM OR CORRECT THEM.

09:49AM 1 Q. AND YOU DESCRIBED THE METHOD OF THE BLOOD DRAW AS ONE OF  
09:49AM 2 THE METRICS; IS THAT RIGHT?

09:49AM 3 A. YES, SIR.

09:49AM 4 Q. AND SO THAT IS WHETHER IT'S A FINGERSTICK OR A VEIN DRAW?

09:49AM 5 A. THAT'S RIGHT.

09:49AM 6 Q. AND WHY WAS THAT A METRIC THAT WAS BEING MEASURED OR THAT  
09:49AM 7 YOU AND YOUR TEAMS WERE PAYING ATTENTION TO?

09:49AM 8 A. WELL, THE TECHNOLOGY THAT WE WERE PARTNERING WITH THERANOS  
09:49AM 9 ON WAS THE FINGERSTICK TECHNOLOGY THAT ALLOWED A PATIENT TO GET  
09:49AM 10 THEIR BLOOD TESTED WITH A SMALL AMOUNT OF BLOOD. IT WASN'T  
09:49AM 11 YOUR TRADITIONAL THREE TEST TUBES OR TWO -- WHATEVER THE NUMBER  
09:49AM 12 IS. SO THAT WAS THE PROPRIETARY TECHNOLOGY. IT COULD BE DONE  
09:49AM 13 IN A VERY SHORT PERIOD OF TIME.

09:49AM 14 SO WHAT WE WANTED TO MAKE SURE IS THAT THE EXPECTATION OF  
09:49AM 15 THE PATIENT COMING IN OF GETTING A FINGERSTICK WAS BEING MET.

09:49AM 16 THE EXPECTATION OF A PROVIDER ORDERING THAT TEST THROUGH  
09:50AM 17 FINGERSTICK ALSO NEEDED TO BE MET.

09:50AM 18 AND SO WE WANTED TO MEASURE THAT. ARE WE DOING THAT OR  
09:50AM 19 NOT?

09:50AM 20 AND SO THAT WAS A KEY METRIC THAT WE LOOKED AT EVERY  
09:50AM 21 MONTH.

09:50AM 22 Q. AND DID THE PERCENT OF FINGERSTICK DRAWS, OR THE PERCENT  
09:50AM 23 OF VENOUS DRAWS, THAT IS, HOW OFTEN A PATIENT WAS GETTING ONE  
09:50AM 24 OR THE OTHER, DID THAT MATTER TO WALGREENS?

09:50AM 25 A. IT DID.

09:50AM 1 Q. DID YOU TALK ABOUT THAT FACT, THAT IS, THAT IT MATTERED TO  
09:50AM 2 WALGREENS, WITH MR. BALWANI?

09:50AM 3 A. YES.

09:50AM 4 Q. DO YOU KNOW WHETHER MR. BALWANI KNEW THAT IT MATTERED TO  
09:50AM 5 WALGREENS?

09:50AM 6 A. MR. BALWANI KNEW THAT IT MATTERED TO WALGREENS AND TO  
09:50AM 7 THERANOS.

09:50AM 8 Q. AND HOW DO YOU KNOW THAT? WHY DO YOU SAY THAT?

09:50AM 9 A. WE HAD A VERY OPEN DIALOGUE. MR. BALWANI AND I HAD  
09:50AM 10 CONVERSATIONS. WE DISCUSSED THE PROJECT, HOW IT WAS GOING, THE  
09:50AM 11 PROGRESS, THE STATUS, WHAT THE FUTURE WAS, HOW DO WE PLAN FOR  
09:50AM 12 WHERE WE WANT TO LAUNCH?

09:50AM 13 SO THESE WERE THINGS THAT WE DISCUSSED OPENLY.

09:50AM 14 YOU KNOW, REMEMBER, WALGREENS WAS NOT THE LAB. I WAS NOT  
09:51AM 15 THE LAB EXPERT. THERANOS WAS THE LAB EXPERT. WE WERE  
09:51AM 16 PROVIDING THE SPACE, SOME OF THE EMPLOYEES, THE FLOW OF THE  
09:51AM 17 PATIENTS COMING IN, AND BRINGING THAT TOGETHER IS THE  
09:51AM 18 PARTNERSHIP.

09:51AM 19 SO ANY TYPE OF QUESTIONS THAT WE HAD IN REGARDS TO THE  
09:51AM 20 ACTUAL LAB, CERTAINLY MR. BALWANI WAS ON POINT TO HELP US  
09:51AM 21 UNDERSTAND.

09:51AM 22 Q. DO YOU REMEMBER WHEN WALGREENS BEGAN OFFERING THERANOS  
09:51AM 23 BLOOD TESTING SERVICES AT WALGREENS STORES?

09:51AM 24 A. IT WAS -- I BELIEVE IN 2013 WE HAD OPENED OUR FIRST STORE  
09:51AM 25 IN PALO ALTO, WHICH WAS NEAR THE THERANOS HEADQUARTERS, AND

09:51AM 1 THEN WE OPENED A COUPLE MORE STORES IN PHOENIX, ARIZONA.

09:51AM 2 Q. AND I CAN SHOW YOU A DOCUMENT IF IT WOULD HELP IN A  
09:51AM 3 MOMENT, BUT DO YOU REMEMBER THE MONTH IN 2013?

09:51AM 4 A. I BELIEVE IT WAS IN NOVEMBER. IF I'M NOT MISTAKEN,  
09:52AM 5 NOVEMBER OR DECEMBER.

09:52AM 6 Q. OKAY. AND YOU SAID AFTER THAT THERE WERE ADDITIONAL  
09:52AM 7 STORES. PALO ALTO WAS THE FIRST.

09:52AM 8 HOW MANY MORE STORES, THROUGHOUT THE ENTIRE RELATIONSHIP,  
09:52AM 9 OPENED?

09:52AM 10 A. WE OPENED 41 STORES TOTAL BY OCTOBER OF 2014.

09:52AM 11 AND 2013, I WAS STILL NOT FULLY INVOLVED WITH THE PROJECT  
09:52AM 12 AS MY TEAM WASN'T INVOLVED IN THAT.

09:52AM 13 AROUND THE EARLY 2014, MY TEAM TOOK OVER THE INITIATIVE.  
09:52AM 14 WE PARTNERED WITH THE THERANOS TEAM.

09:52AM 15 AND WHAT WE NEEDED TO DO WAS TO START TO EXPAND THE NUMBER  
09:52AM 16 OF STORES SO WE CAN DETERMINE WHAT IS WORKING, WHAT IS NOT  
09:52AM 17 WORKING.

09:52AM 18 ONE OF THE THINGS THAT WE TRY TO DO, AND MOST COMPANIES  
09:52AM 19 TRY TO DO, IS THIS CONCEPT OF CRAWL, WALK, RUN, RIGHT?

09:52AM 20 YOU DON'T JUST BUILD A CAR AND PUT IT OUT ONTO THE ROAD.  
09:52AM 21 YOU HAVE TO TEST IT.

09:52AM 22 SO WHAT WE WERE DOING IS WE HAD THREE STORES, WE WANTED TO  
09:53AM 23 EXPAND FURTHER SO WE COULD TEST ALL OF THESE THINGS. HOW IS  
09:53AM 24 THE EXPERIENCE LOOKING? YOU KNOW, WHAT DOES THE WAIT TIME LOOK  
09:53AM 25 LIKE? MAYBE WE NEEDED TO REDESIGN THE SPACE?

09:53AM 1 ALL OF THOSE THINGS WERE PART OF THAT PROCESS OF  
09:53AM 2 DETERMINING WHETHER WE WERE ACHIEVING SUCCESS, AND IF WE  
09:53AM 3 WEREN'T, WELL, THEN WE WOULD PIVOT, SHIFT, IMPROVE, AND THEN  
09:53AM 4 MOVE ON.

09:53AM 5 Q. SO YOU SAID THAT THERE WERE A TOTAL OF 41 STORES; IS THAT  
09:53AM 6 RIGHT?

09:53AM 7 A. THAT'S CORRECT.

09:53AM 8 Q. AND THERE WAS ONE, I THINK YOU SAID, IN PALO ALTO. WHERE  
09:53AM 9 WERE THE OTHER 40?

09:53AM 10 A. THE OTHER 40 WERE IN THE PHOENIX, ARIZONA MARKET.

09:53AM 11 Q. OKAY. NOW, LET'S GO BACK TO THE TOPIC THAT WE WERE  
09:53AM 12 DISCUSSING A MOMENT AGO, TRACKING VENOUS DRAW PERCENT OR  
09:53AM 13 FINGERSTICK PERCENT.

09:53AM 14 DURING THE ENTIRE TIME THAT WALGREENS HAD THERANOS  
09:53AM 15 SERVICES AVAILABLE IN ITS STORES, WAS THERE EVER A POINT WHEN  
09:53AM 16 WALGREENS WAS SATISFIED, WAS HAPPY WITH THE VENOUS PERCENT?

09:53AM 17 A. NO.

09:53AM 18 Q. DID YOU COMMUNICATE THAT FACT TO MR. BALWANI?

09:54AM 19 A. I DID.

09:54AM 20 Q. DID MR. BALWANI EVER GIVE YOU REASONS OR AN EXPLANATION  
09:54AM 21 FOR WHY THE VENOUS DRAW PERCENT WAS WHAT IT WAS, WAS AT THE  
09:54AM 22 RATE THAT IT WAS?

09:54AM 23 A. SURE. WE DISCUSSED IT AND WE PRESENTED IT TO MY  
09:54AM 24 LEADERSHIP AS WELL. THERE WE ARE SEVERAL REASONS THAT HE  
09:54AM 25 PROVIDED US. ONE, THERE COULD BE -- THEY WERE STILL



09:54AM 1 DETERMINING ORDERING PATTERNS BY PHYSICIANS AND PROVIDERS TO  
09:54AM 2 ENSURE THAT THEIR CARTRIDGES WERE READY.

09:54AM 3 HE ALSO LET ME KNOW THERE WERE INSTANCES WHERE PHYSICIANS  
09:54AM 4 TOOK TESTS, THE ACCURACY OF THE TEST, A FINGERSTICK VERSUS A  
09:54AM 5 VENOUS DRAW WOULD ACTUALLY ORDER TWO TESTS FOR THE PATIENT AND  
09:54AM 6 SO THEY WERE SEEING THAT AS WELL.

09:54AM 7 THOSE WERE SOME OF THE REASONS THAT HE PROVIDED.

09:54AM 8 BUT HE ASSURED ME THAT OVER TIME THAT PERCENTAGE WOULD GO  
09:54AM 9 DOWN.

09:54AM 10 Q. LET'S TAKE THOSE TWO THAT YOU DESCRIBED.

09:54AM 11 THE FIRST I THINK YOU SAID WAS DEVELOPING CARTRIDGES AND  
09:55AM 12 SORT OF GETTING A HANDLE ON THE ORDERING PATTERNS; IS THAT  
09:55AM 13 RIGHT?

09:55AM 14 A. THAT'S RIGHT.

09:55AM 15 Q. WHAT DID THAT MEAN?

09:55AM 16 A. MY UNDERSTANDING IS THAT AS TESTS WERE BEING ORDERED BY  
09:55AM 17 PHYSICIANS, THAT THERANOS NEEDED TO UNDERSTAND WHAT TESTS WERE  
09:55AM 18 BEING ORDERED SO THAT THEY CAN HAVE THE RIGHT CARTRIDGES IN THE  
09:55AM 19 STORES.

09:55AM 20 AND IF THOSE CARTRIDGES WERE NOT THERE, THEN THEY WOULD  
09:55AM 21 HAVE TO GO TO A VENOUS DRAW WHERE THEY REQUIRED A LITTLE BIT  
09:55AM 22 MORE BLOOD.

09:55AM 23 Q. WAS THE BLOOD TESTING BEING DONE IN THE STORES?

09:55AM 24 A. NO, THE TESTING WAS NEVER DONE IN THE STORES. IN THE  
09:55AM 25 STORES WE WERE SIMPLY DOING THE BLOOD EXTRACTION.

09:55AM 1 Q. I SEE. SO THE BLOOD WAS EXTRACTED IN THE STORES. WHERE  
09:55AM 2 WAS THE TESTING BEING DONE?

09:55AM 3 A. THE TESTING WAS DONE AT THERANOS'S LAB.

09:55AM 4 Q. SO WHEN MR. BALWANI TOLD YOU THAT THERANOS NEEDED TO  
09:55AM 5 DEVELOP THE RIGHT CARTRIDGES, WAS HE TALKING ABOUT THE RIGHT  
09:55AM 6 CARTRIDGES INSIDE OF THE WALGREENS STORES, OR WAS HE TALKING  
09:55AM 7 ABOUT DEVELOP THE CARTRIDGES BACK AT THE THERANOS LAB?

09:55AM 8 A. YOU KNOW, I DON'T KNOW THE EXACT PLACE WHERE THOSE  
09:55AM 9 CARTRIDGES.

09:56AM 10 WHAT I KNEW WAS THAT THERE WERE CARTRIDGES WHERE THE BLOOD  
09:56AM 11 SAMPLE HAD TO GO.

09:56AM 12 Q. OKAY.

09:56AM 13 A. AND THOSE WERE WHAT NEEDED TO BE ACCURATE BASED ON THE  
09:56AM 14 PATTERNS OF THE PROVIDERS IN THE AREA.

09:56AM 15 Q. YOU ALSO SAID THAT MR. BALWANI TOLD YOU THAT THERE WERE  
09:56AM 16 PHYSICIANS WHO WERE ORDERING TESTS TO CHECK THE ACCURACY.

09:56AM 17 WHAT DID YOU MEAN BY THAT?

09:56AM 18 A. WELL, THIS WAS NEW TECHNOLOGY, AND IT WAS TECHNOLOGY THAT  
09:56AM 19 COULD REVOLUTIONIZE THE HEALTH CARE INDUSTRY.

09:56AM 20 AND SO PHYSICIANS AND PROVIDERS WANTED TO MAKE SURE THAT  
09:56AM 21 THE RESULTS THAT THEY WERE RECEIVING FROM A FINGERSTICK VERSUS  
09:56AM 22 THE TRADITIONAL VENOUS DRAW WAS THE SAME.

09:56AM 23 THERE WERE STUDIES THAT HAVE SAID THAT 70 PERCENT OF ALL  
09:56AM 24 MEDICAL DECISIONS ARE DONE BASED ON LABS, ON PATIENT'S LABS, SO  
09:56AM 25 IT WAS VERY IMPORTANT THAT THE LABS ARE ACCURATE, THE RESULTS

09:56AM 1 ARE ACCURATE.

09:56AM 2 SO PART OF THIS WAS PHYSICIANS ORDERING BOTH TESTS TO

09:57AM 3 ENSURE THAT THEY CAN SEE BOTH RESULTS.

09:57AM 4 Q. AS A REASON OR EXPLANATION FOR WHY THE VENOUS DRAW PERCENT

09:57AM 5 WAS WHERE IT WAS, DID MR. BALWANI EVER TELL YOU THAT THERANOS

09:57AM 6 WAS HAVING TECHNOLOGICAL PROBLEMS DEVELOPING TESTS?

09:57AM 7 MR. COOPERSMITH: OBJECTION. LEADING.

09:57AM 8 THE COURT: SUSTAINED.

09:57AM 9 BY MR. SCHENK:

09:57AM 10 Q. AMONG THE REASONS THAT MR. BALWANI PROVIDED, DID HE EVER

09:57AM 11 TELL YOU ANYTHING ELSE ABOUT THERANOS'S TECHNOLOGY?

09:57AM 12 A. NO.

09:57AM 13 Q. DID HE EVER TELL YOU THAT THE THERANOS LAB WAS TERRIBLE?

09:57AM 14 A. NO.

09:57AM 15 Q. IF YOU'LL NOW TURN TO PAGE 6 OF THE DOCUMENT IN FRONT OF

09:57AM 16 US.

09:57AM 17 AT THE VERY BOTTOM OF PAGE 6 THERE'S SOMETHING CALLED

09:57AM 18 "INNOVATION FEE."

09:57AM 19 DO YOU SEE THAT?

09:58AM 20 A. I DO.

09:58AM 21 Q. AND THEN AT THE TOP OF 7 IT SAYS "WALGREENS AGREES TO PAY

09:58AM 22 TO THERANOS AN INNOVATION FEE FOR UP TO \$100 MILLION."

09:58AM 23 AND THEN IT HAS ROMAN NUMERALS I, II, AND III BELOW THAT.

09:58AM 24 DO YOU SEE THAT?

09:58AM 25 A. YES, SIR.

09:58AM 1 Q. AND NUMBER III SAYS, "UPON SUCCESSFUL PILOT COMPLETION AND  
09:58AM 2 INITIATION OF PROGRAM LAUNCH, WALGREENS SHALL COMMIT TO A FINAL  
09:58AM 3 DISTRIBUTION OF \$50 MILLION."

09:58AM 4 DO YOU SEE THAT?

09:58AM 5 A. YES.

09:58AM 6 Q. AND WHAT DOES "UPON SUCCESSFUL PILOT COMPLETION MEAN"?  
09:58AM 7 WHAT IS THE PILOT A REFERENCE TO?

09:58AM 8 A. SO THE PILOT WAS REFERRING TO THE TESTS THAT I WAS  
09:58AM 9 SPEAKING TO EARLIER TO GO FROM 3 TO 41 STORES AND TO ENSURE  
09:58AM 10 THAT WE WERE HITTING -- THE ENTIRE WORKFLOW, THE ENTIRE  
09:58AM 11 PROCESS, AND TO ENSURE THAT WE WERE HITTING THE METRICS THAT WE  
09:59AM 12 HAD AGREED UPON TOGETHER, AND SO THAT WAS THE PILOT PHASE OF  
09:59AM 13 IT.

09:59AM 14 AGAIN, AS I MENTIONED EARLIER, THE IDEA IS NOT TO GO FROM  
09:59AM 15 0 TO 100. THE IDEA WAS TO DO A CRAWL, WALK, RUN, SORT OF A  
09:59AM 16 SLOW PROGRESSION SO WE UNDERSTAND WHAT WE'RE DOING, BOTH  
09:59AM 17 THERANOS AND WALGREENS, TO HELP US GET BETTER, MAKE SURE THE  
09:59AM 18 EXPERIENCE IS RIGHT, AND THAT'S WHAT WE WERE TRYING TO DO.

09:59AM 19 Q. WHEN YOU WERE USING NUMBERS A MOMENT AGO, 0 TO 100, WHAT  
09:59AM 20 WERE THOSE NUMBERS?

09:59AM 21 A. WHAT I WAS REFERRING TO IS, YOU KNOW, YOU DON'T GO FROM 0  
09:59AM 22 TO 100 MILES AN HOUR INSTANTLY. YOU GRADUALLY INCREASE OVER  
09:59AM 23 TIME.

09:59AM 24 IT WAS SIMPLY A DESCRIPTION TO SAY WHAT WE TRY TO DO WITH  
09:59AM 25 ANY PROJECT IS TO DO IT IN PHASES, DO A PROOF OF CONCEPT, THEN

09:59AM 1 GO TO A PILOT, AND THEN FROM A PILOT, WE EXPAND THE PILOT.

10:00AM 2 WHEN WE BELIEVE WE'VE ACHIEVED THE SUCCESS WE'RE LOOKING  
10:00AM 3 FOR, THEN WE START TO SCALE.

10:00AM 4 WE DO THAT NOT ONLY FOR A PARTNERSHIP WITH THERANOS, BUT  
10:00AM 5 WE WOULD DO THAT FOR ANY PROJECT.

10:00AM 6 Q. WHAT WOULD HAPPEN IF THE PILOT WAS NOT SUCCESSFUL?

10:00AM 7 A. WELL, WE HAVE A COUPLE OF DIFFERENT CHOICES IF THE PILOT  
10:00AM 8 IS NOT SUCCESSFUL.

10:00AM 9 ONE, IF THERE IS A DETERMINATION THAT WE CAN FIX IT AND  
10:00AM 10 CORRECT IT AND COURSE CORRECT, THEN WE WOULD TAKE THOSE STEPS  
10:00AM 11 AND THEN START TO MOVE FORWARD.

10:00AM 12 THERE ARE INSTANCES WHERE WE WOULD COMPLETELY STOP THE  
10:00AM 13 PROJECT. IF WE BELIEVE THAT WE CANNOT CORRECT THE ISSUES IN  
10:00AM 14 THE PILOT OR IT'S NOT DRIVING THE VALUE TO PATIENTS, TO  
10:00AM 15 CUSTOMERS, TO THE COMPANY, THEN WE WOULD STOP THE PROJECT.

10:00AM 16 SO THERE ARE A COUPLE OF DIFFERENT CHOICES THAT YOU CAN  
10:00AM 17 MAKE WHEN IT COMES TO PILOTS.

10:00AM 18 Q. IF THE PILOT WAS SUCCESSFUL, WHAT WOULD HAPPEN?

10:00AM 19 A. WE WOULD CONTINUE TO EXPAND INTO MORE STORES, MORE  
10:00AM 20 LOCATIONS, AND CONTINUE TO MONITOR IT OVER TIME.

10:01AM 21 Q. DID YOU EVER DISCUSS THAT WITH MR. BALWANI -- AND BY  
10:01AM 22 "THAT" I MEAN IF THE PILOT WAS NOT SUCCESSFUL -- THERE WAS ONE  
10:01AM 23 FORK IN THE ROAD WITH CERTAIN OPTIONS SUCH AS NOT EXPANDING  
10:01AM 24 FURTHER, AND IF THE PILOT WAS SUCCESSFUL, THERE WERE OTHER  
10:01AM 25 OPTIONS, SUCH AS EXPANSION TO ADDITIONAL STORES?

10:01AM 1 A. WE DID DISCUSS THAT. WE OPENLY DISCUSSED EXPANSION PLANS  
10:01AM 2 AND WHAT THAT WOULD REQUIRE FOR US TO GO FURTHER.

10:01AM 3 AND IF THE PILOT WAS NOT SUCCESSFUL, I DID LET MR. BALWANI  
10:01AM 4 KNOW IT WOULD BE DIFFICULT FOR ME OR FOR ANY OF THE WALGREENS  
10:01AM 5 LEADERSHIP TO SAY LET'S KEEP GOING.

10:01AM 6 AND SO THAT WAS OPENLY DISCUSSED.

10:01AM 7 Q. DID YOU EVER TELL MR. BALWANI THAT A NATIONWIDE ROLLOUT OF  
10:01AM 8 THERANOS SERVICES WITHIN WALGREENS STORES WAS GUARANTEED?

10:01AM 9 A. NO, I DID WOULD NOT SAY THAT IT WAS GUARANTEED.

10:02AM 10 BUT WE HAD HOPED THAT IT WOULD BE NATIONWIDE, AND SO WE  
10:02AM 11 TRIED WHATEVER WE CAN DO TO MAKE THE PILOT SUCCESSFUL.

10:02AM 12 AND SO THAT WAS THE HOPE, THAT WE WOULD GO NATIONWIDE.

10:02AM 13 BUT AGAIN, WHAT WE EXPANDED TO, HOW MANY STORES WE  
10:02AM 14 EXPANDED TO WAS ALL BASED ON THE SUCCESS OF THE PILOT. IF THE  
10:02AM 15 PILOT IS NOT WORKING, I DON'T KNOW HOW ANYONE COULD JUSTIFY  
10:02AM 16 MOVING TO FURTHER STORES.

10:02AM 17 Q. WERE YOU WORKING HARD TO TRY TO MAKE THE PILOT SUCCESSFUL?

10:02AM 18 A. ABSOLUTELY.

10:02AM 19 Q. DID YOU ASSUME THAT MR. BALWANI WAS WORKING HARD TO MAKE  
10:02AM 20 THE PILOT SUCCESSFUL?

10:02AM 21 A. ABSOLUTELY.

10:02AM 22 Q. WOULD YOU NOW TURN TO PAGE 9 OF THIS DOCUMENT.

10:02AM 23 ON PAGE 9 UNDER B3 THERE'S A PARAGRAPH ENTITLED "CRITICAL  
10:02AM 24 VALUES."

10:02AM 25 DO YOU SEE THAT?

10:02AM 1 A. I DO.

10:02AM 2 Q. AND IN IT, IT READS, "IN THE EVENT A RESULT REFLECTS ONE

10:02AM 3 OR MORE VALUES AT SUCH VARIANCE WITH NORMAL AS TO BE

10:02AM 4 POTENTIALLY LIFE-THREATENING (CRITICAL VALUE), THERANOS WILL BE

10:03AM 5 SOLELY RESPONSIBLE FOR NOTIFYING THE APPROPRIATE PERSONNEL

10:03AM 6 ACCORDING TO ITS OBLIGATIONS AS A CLIA-CERTIFIED LAB UNDER,"

10:03AM 7 AND THEN IT CONTINUES.

10:03AM 8 DO YOU SEE THAT?

10:03AM 9 A. I DO.

10:03AM 10 Q. WHEN THE RESULTS FROM BLOOD TESTS WERE GENERATED, DID

10:03AM 11 WALGREENS HAVE THOSE RESULTS OR DID THERANOS HAVE THOSE

10:03AM 12 RESULTS?

10:03AM 13 A. NO, WALGREENS DID NOT RECEIVE THE RESULTS.

10:03AM 14 THERANOS WOULD HAVE THE RESULTS.

10:03AM 15 Q. SO WHOSE JOB WAS IT TO MAKE USE OF THE INFORMATION? TO

10:03AM 16 MAKE USE OF THE LAB RESULT?

10:03AM 17 A. YEAH. SO WHEN THE THERANOS -- KEEP IN MIND THAT WALGREENS

10:03AM 18 WAS NOT THE LAB. THERANOS WAS THE LAB.

10:03AM 19 AND SO WHEN THEY RECEIVED THE RESULTS, IT WAS THEIR

10:03AM 20 RESPONSIBILITY THEN TO SEND THOSE RESULTS TO THE APPROPRIATE

10:03AM 21 PROVIDER THAT ORDERED THE TEST. THAT WAS THEIR RESPONSIBILITY,

10:03AM 22 NOT WALGREENS'S RESPONSIBILITY.

10:03AM 23 Q. WOULD YOU NOW TURN TO PAGE 23 OF THIS DOCUMENT, PLEASE.

10:04AM 24 ON PAGE 23, NUMBER 9 IS "DEVICE."

10:04AM 25 DO YOU SEE THAT?

10:04AM 1 A. I DO.

10:04AM 2 Q. "DEVICE MEANS THERANOS'S ANALYZER, THE THERANOS PATIENT  
10:04AM 3 INTERFACE AND SAMPLE COLLECTION TOOLS."

10:04AM 4 IN 2013 WHEN, AS YOU DESCRIBED TO THE JURY, YOU WERE  
10:04AM 5 REVIEWING DOCUMENTS TO GET YOURSELF UP TO SPEED, WAS THIS  
10:04AM 6 SENTENCE CONSISTENT WITH YOUR UNDERSTANDING OF WHAT "DEVICE"  
10:04AM 7 MEANT AND WHAT TECHNOLOGY THERANOS WAS USING?

10:04AM 8 A. YES. I HAD A HIGH LEVEL UNDERSTANDING THAT THERANOS WAS  
10:04AM 9 USING THEIR OWN PROPRIETARY TECHNOLOGY TO DRAW THE BLOOD FROM  
10:04AM 10 THE FINGERSTICK AND THEN PUT IT INTO WHAT THEY REFER TO AS A  
10:04AM 11 NANOTAINER FOR COLLECTION.

10:04AM 12 Q. WOULD YOU TURN TO PAGE 26.

10:04AM 13 AT THE VERY BOTTOM THERE'S SOMETHING CALLED "NATIONAL  
10:05AM 14 ROLLOUT CRITERIA."

10:05AM 15 DO YOU SEE THAT?

10:05AM 16 A. YES.

10:05AM 17 Q. AND JUST -- I'M NOT GOING TO READ IT TO YOU. TAKE A  
10:05AM 18 MOMENT AND TELL ME IF IN THERE IT SAYS THAT A NATIONAL ROLLOUT  
10:05AM 19 IS GUARANTEED.

10:05AM 20 A. NO, IT DOESN'T SAY IT GUARANTEES IT. IT IDENTIFIES SOME  
10:05AM 21 OF THE CRITERIA THAT NEEDS TO BE MET, AND THEN A MUTUALLY  
10:05AM 22 AGREED UPON EXPANSION FROM THERE.

10:05AM 23 Q. AND THEN IF YOU TURN TO PAGE 27, IT CONTINUES WITH A  
10:05AM 24 DISCUSSION OF A ROLLOUT.

10:05AM 25 SAME QUESTION. IN THIS PARAGRAPH AT THE TOP, DOES IT SAY



10:05AM 1 THAT A NATIONAL ROLLOUT OF THERANOS TESTING SERVICES INSIDE OF  
10:05AM 2 WALGREENS STORES WAS GUARANTEED?

10:06AM 3 A. NO, IT DOES NOT.

10:06AM 4 Q. IF YOU'LL NOW TURN TO EXHIBIT 966.

10:06AM 5 YOUR HONOR, 966 HAS BEEN PREVIOUSLY ADMITTED, AT LEAST THE  
10:06AM 6 EMAIL PORTION.

10:06AM 7 PERMISSION TO PUBLISH?

10:06AM 8 THE COURT: YES.

10:06AM 9 BY MR. SCHENK:

10:06AM 10 Q. MR. JHAVERI, IF YOU'LL LOOK AT EXHIBIT 966, AND ACTUALLY  
10:06AM 11 I'D LIKE YOU TO LOOK AT PAGES 7 AND 8. SO WHAT HAS BEEN  
10:06AM 12 ADMITTED SO FAR IS PAGE 1, AND I'M ASKING YOU TO LOOK AT  
10:06AM 13 EXHIBIT 966, PAGES 7 AND 8.

10:06AM 14 DO YOU SEE PAGES 7 AND 8?

10:06AM 15 A. I DO.

10:06AM 16 Q. AND DO YOU RECOGNIZE THOSE PAGES?

10:06AM 17 A. I DO.

10:06AM 18 Q. AND WHAT ARE PAGES 7 AND 8?

10:06AM 19 A. PAGES 7 AND 8 ARE ACTUALLY MY THERANOS TEST REPORT. I HAD  
10:07AM 20 A TEST DONE WHEN I WAS AT THE CORPORATE HEADQUARTERS OF  
10:07AM 21 THERANOS, AND SO THESE WERE THE RESULTS FROM THOSE TESTS.

10:07AM 22 MR. SCHENK: YOUR HONOR, THE GOVERNMENT MOVES 7 AND  
10:07AM 23 8 FOR EXHIBIT 966 INTO EVIDENCE, AND I'LL NOTE THAT WE HAVE  
10:07AM 24 REDACTED CERTAIN INFORMATION, TEST RESULTS VALUES.

10:07AM 25 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.

10:07AM 1 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

10:07AM 2 (GOVERNMENT'S EXHIBIT 966 WAS RECEIVED IN EVIDENCE.)

10:07AM 3 MR. COOPERSMITH: WILL THIS BE 966 WITH A LETTER

10:07AM 4 OR --

10:07AM 5 MR. SCHENK: I'M HAPPY TO DO IT EITHER WAY. I

10:07AM 6 INTENDED TO JUST LEAVE IT AS 966 NOW THAT WE'VE ADDED PAGES 7

10:07AM 7 AND 8 TO IT.

10:07AM 8 THE COURT: SO THE RECORD COULD REFLECT THAT 966

10:07AM 9 INCLUDES PAGES 7 AND 8 AS ONE 966.

10:07AM 10 IS THAT ALL RIGHT WITH YOU?

10:07AM 11 MR. COOPERSMITH: YES, YOUR HONOR.

10:07AM 12 THE COURT: ALL RIGHT. LADIES AND GENTLEMEN, THIS

10:07AM 13 HAS BEEN ADMITTED, IT MAY BE PUBLISHED, AND YOU'LL SEE PATIENT

10:08AM 14 RESULTS, THERE'S BLANK SPACES THERE. ANY RESULTS HAVE BEEN

10:08AM 15 DELETED AND REDACTED FROM THIS BECAUSE OF CONFIDENTIALITY.

10:08AM 16 BUT OTHERWISE THE DOCUMENT IS -- WELL, YOU CAN ASK THE

10:08AM 17 WITNESS ABOUT THE DOCUMENT.

10:08AM 18 MR. SCHENK: THANK YOU VERY MUCH, YOUR HONOR.

10:08AM 19 Q. MR. JHAVERI, AT THE TOP SORT OF IN THE MIDDLE, DO YOU SEE

10:08AM 20 YOUR NAME ON PAGE 7 OF 966?

10:08AM 21 A. YES, SIR.

10:08AM 22 Q. AND DID YOU -- AT THE VERY TOP OF THE REPORT, IT SAYS

10:08AM 23 THERANOS TEST REPORT TECHNOLOGY DEMONSTRATION.

10:08AM 24 DO YOU SEE THAT?

10:08AM 25 A. YES.

10:08AM 1 Q. AND DID YOU HAVE THIS TECHNOLOGY DEMONSTRATION PERFORMED  
10:08AM 2 AT THERANOS?

10:08AM 3 A. YES. WE WERE ACTUALLY AT THERANOS HEADQUARTERS TO MEET  
10:08AM 4 WITH THEM IN 2013, I BELIEVE SOMETIME IN AUGUST, AROUND THAT  
10:08AM 5 TIMEFRAME, AND THIS WAS A DEMONSTRATION AFTER BOTH TEAMS MET,  
10:08AM 6 THE LEADERSHIP MET, AND THESE WERE THE RESULTS FROM THAT TEST.

10:08AM 7 Q. AND IF YOU LOOK AT THE RIGHT -- ON THE TOP RIGHT OF THE  
10:09AM 8 DOCUMENT THERE'S A DATE.

10:09AM 9 DO YOU SEE IT?

10:09AM 10 A. YES.

10:09AM 11 Q. AND WHAT IS THE DATE?

10:09AM 12 A. AUGUST 13TH, 2013.

10:09AM 13 Q. AND WHERE WERE YOU ON AUGUST 13TH, 2013?

10:09AM 14 A. WELL, WE WERE AT THE THERANOS HEADQUARTERS IN PALO ALTO,  
10:09AM 15 AND THIS TEST WAS DONE IN A SMALL ROOM NEXT TO A CONFERENCE  
10:09AM 16 ROOM THAT WE WERE SITTING IN.

10:09AM 17 Q. YOU SAID "WE."

10:09AM 18 WHO IS "WE"?

10:09AM 19 A. THERE WERE SEVERAL WALGREENS LEADERSHIP THAT WENT TO VISIT  
10:09AM 20 MR. BALWANI AND MS. HOLMES FOR DISCUSSION OF THE PARTNERSHIP,  
10:09AM 21 WHAT WE ENVISIONED THIS PARTNERSHIP WILL BECOME, JUST STRATEGIC  
10:09AM 22 DISCUSSIONS.

10:09AM 23 AND SO TOWARDS THE END OF THE MEETING IT WAS SUGGESTED, I  
10:09AM 24 DON'T REMEMBER BY WHOM, THAT WOULD ANYONE LIKE TO TAKE THE TEST  
10:09AM 25 AND SEE WHAT A PATIENT WOULD GO THROUGH?

10:09AM 1 AND SO, OF COURSE, I DID VOLUNTEER, AND I DID HAVE MY  
10:09AM 2 BLOOD DRAWN THROUGH A FINGERSTICK, AND THEN THE RESULTS WERE  
10:10AM 3 SENT TO ME. I THINK BY THE TIME I GOT BACK HOME TO CHICAGO  
10:10AM 4 FROM CALIFORNIA THE RESULTS WERE IN MY EMAIL.

10:10AM 5 Q. MR. JHAVERI, YOU SAID THAT MR. BALWANI AND MS. HOLMES WERE  
10:10AM 6 PRESENT; IS THAT RIGHT?

10:10AM 7 A. THAT'S RIGHT.

10:10AM 8 Q. AND YOU SAID THAT YOU DON'T REMEMBER WHO, BUT SOMEONE  
10:10AM 9 SUGGESTED TO YOU, DOES ANYBODY WANT TO TAKE A TEST? IS THAT  
10:10AM 10 CORRECT?

10:10AM 11 A. YEAH. IT WAS MORE OF, YOU KNOW, LET'S DEMONSTRATE, THE  
10:10AM 12 DEMONSTRATION OF EXACTLY WHAT THE FINGERSTICK LOOKS LIKE.

10:10AM 13 WE WENT INTO A SEPARATE ROOM, AND THERE WERE ALSO A COUPLE  
10:10AM 14 OF MACHINES THAT I ASSUMED TO BE THE THERANOS TECHNOLOGY  
10:10AM 15 MACHINES THAT THEY WOULD TEST THOSE RESULTS ON.

10:10AM 16 THOSE MACHINES WEREN'T OPERATIONAL IN THE ROOM, BUT I  
10:10AM 17 THINK IT WAS JUST SIMPLY TO SHOW US WHAT THESE MACHINES WOULD  
10:10AM 18 LOOK LIKE.

10:10AM 19 Q. AND I THINK YOU SAID A MOMENT AGO IT WAS TO SHOW WHAT THE  
10:10AM 20 PATIENT EXPERIENCE WOULD BE LIKE; IS THAT RIGHT?

10:10AM 21 A. THAT'S RIGHT.

10:10AM 22 Q. AND WHAT DID YOU MEAN BY THAT?

10:10AM 23 A. WHAT EXACTLY WOULD HAPPEN WHEN A PATIENT WOULD WALK INTO A  
10:11AM 24 WALGREENS STORE WHERE THERANOS SERVICES WERE BEING OFFERED, YOU  
10:11AM 25 KNOW, HOW WOULD THE BLOOD BE DRAWN, WHAT WOULD BE SOME OF THE

10:11AM 1 TOOLS THAT THEY WOULD USE TO DRAW THE BLOOD, HOW FAST IT WOULD  
10:11AM 2 BE, HOW LESS PAINFUL IT WOULD BE.

10:11AM 3 THOSE WERE SOME OF THE THINGS THAT WE WANTED TO SEE, AND  
10:11AM 4 SO THIS WAS A DEMONSTRATION TO SHOW THAT.

10:11AM 5 Q. YOU SAID THAT YOU DIDN'T KNOW WHO ASKED YOU IF YOU WERE  
10:11AM 6 INTERESTED. IS IT POSSIBLE IT WAS SOMEONE OTHER THAN  
10:11AM 7 MS. HOLMES OR MR. BALWANI?

10:11AM 8 MR. COOPERSMITH: OBJECTION. IT CALLS FOR  
10:11AM 9 SPECULATION.

10:11AM 10 THE WITNESS: I COULDN'T TELL YOU.

10:11AM 11 THE COURT: I'LL LEAVE THE ANSWER. THE ANSWER WILL  
10:11AM 12 REMAIN.

10:11AM 13 MR. SCHENK: OKAY.

10:11AM 14 Q. YOU SAID THAT IT WAS TO SHOW WHAT A PATIENT EXPERIENCE  
10:11AM 15 WOULD BE LIKE.

10:11AM 16 CAN YOU BE MORE SPECIFIC? WHAT PATIENT, OR WHOSE PATIENT?

10:11AM 17 A. YEAH. SO KEEP IN MIND WHAT WE WERE DOING WAS TO OFFER THE  
10:11AM 18 THERANOS FINGERSTICK TECHNOLOGY, THE LAB SERVICES INSIDE OF A  
10:12AM 19 WALGREENS STORE.

10:12AM 20 AND WHEN WE LAUNCHED THE SERVICE, THE PATIENT WOULD COME  
10:12AM 21 IN WITH THEIR PHYSICIAN ORDER TO GET THEIR LAB TEST DONE.

10:12AM 22 AND SO WHAT WE WANTED TO SEE IS, WHAT DOES THAT  
10:12AM 23 FINGERSTICK LOOK LIKE? YOU KNOW, HOW LONG DOES IT TAKE? HOW  
10:12AM 24 ARE THEY EXTRACTING THE BLOOD? HOW ARE THEY DRAWING THE BLOOD?  
10:12AM 25 IS IT PAINFUL?

10:12AM 1 THINGS OF THAT NATURE THAT WOULD ACCOMPANY WHAT A PATIENT  
10:12AM 2 OR A CUSTOMER WHO WALKED INTO A WALGREENS STORE WOULD  
10:12AM 3 EXPERIENCE.

10:12AM 4 Q. AND NOW IF YOU'LL TURN TO THE TAB RIGHT BEFORE THIS ONE,  
10:12AM 5 IT'S TAB 957 IN YOUR BINDER.

10:12AM 6 YOUR HONOR, 957 HAS BEEN PREVIOUSLY ADMITTED. PERMISSION  
10:12AM 7 TO PUBLISH?

10:12AM 8 THE COURT: YES.

10:12AM 9 BY MR. SCHENK:

10:12AM 10 Q. MR. JHAVERI, I'M SHOWING YOU AN EMAIL WITHIN THERANOS --  
10:12AM 11 YOU'RE NOT ON THIS DOCUMENT -- A CHAIN OF EMAILS ALSO FROM THIS  
10:12AM 12 DATE AUGUST 13TH, 2013.

10:12AM 13 DO YOU SEE THAT?

10:12AM 14 A. I DO.

10:13AM 15 Q. AND THE SUBJECT LINE OF THE CHAIN IS DEMO WORKFLOW.

10:13AM 16 DO YOU SEE THAT?

10:13AM 17 A. YES.

10:13AM 18 Q. NOW, THE FIRST FULL EMAIL UP FROM THE BOTTOM THAT READS  
10:13AM 19 UPDATE, DO YOU SEE WHERE I AM? THE BOTTOM OF THE FIRST PAGE?

10:13AM 20 A. YES.

10:13AM 21 Q. "UPDATE: WE JUST STARTED THE ADVIA RUN OF ALL SAMPLES."  
10:13AM 22 DOES THE WORD "ADVIA" MEAN ANYTHING TO YOU?

10:13AM 23 A. IT'S THE BRAND OF A LAB MACHINE.

10:13AM 24 Q. IT'S THE BRAND OF A LAB MACHINE?

10:13AM 25 A. YEAH.

10:13AM 1 Q. AND WHEN YOU WERE HAVING YOUR BLOOD TESTED AT THERANOS,  
10:13AM 2 DID YOU KNOW WHETHER IT WOULD BE TESTED ON A THERANOS DEVICE OR  
10:13AM 3 ON A BRAND OF ANOTHER MACHINE CALLED AN ADVIA?

10:13AM 4 A. NO. THE ASSUMPTION WAS THAT IT WAS BEING RUN ON THE  
10:13AM 5 THERANOS PROPRIETARY TECHNOLOGY.

10:13AM 6 Q. WOULD IT HAVE BEEN SURPRISING TO YOU TO KNOW THAT THE  
10:13AM 7 BLOOD WAS TESTED ON AN ADVIA?

10:13AM 8 A. YES, IT WOULD.

10:13AM 9 Q. WHY?

10:13AM 10 A. THAT'S NOT THE PARTNERSHIP THAT WE HAD SIGNED UP FOR.  
10:13AM 11 THAT'S NOT WHAT WE HAD AGREED UPON.

10:13AM 12 THE OFFERING OF THE SERVICE WAS THERANOS'S OWN PROPRIETARY  
10:14AM 13 TECHNOLOGY THROUGH FINGERSTICK TECHNOLOGY AT THE BLOOD DRAW,  
10:14AM 14 AND THEN THE RESULTS BEING PROVIDED TO A PROVIDER OR A PATIENT  
10:14AM 15 WITHIN A SHORT PERIOD OF TIME. THAT WAS THE TECHNOLOGY.

10:14AM 16 SO IF IT WAS DONE ON A STANDARD LAB MACHINE, THAT WOULD  
10:14AM 17 RAISE QUESTIONS.

10:14AM 18 Q. AND I JUST WANT TO CONFIRM, DURING THIS DEMONSTRATION, WAS  
10:14AM 19 MR. BALWANI PRESENT?

10:14AM 20 A. YES, SIR.

10:14AM 21 Q. WOULD YOU NOW TURN TO EXHIBIT 1113.

10:14AM 22 MR. JHAVERI, DO YOU SEE THE DOCUMENT AT 1113?

10:14AM 23 A. YES.

10:14AM 24 Q. DO YOU RECOGNIZE THIS DOCUMENT?

10:14AM 25 A. I DO.

10:14AM 1 Q. AND WHAT IS THIS?

10:14AM 2 A. THIS WAS A PRESS RELEASE THAT WAS MADE BY BOTH THERANOS  
10:14AM 3 AND WALGREENS AT THE TIME THAT WE LAUNCHED THE SERVICE.

10:15AM 4 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 1113  
10:15AM 5 IN EVIDENCE.

10:15AM 6 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.

10:15AM 7 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

10:15AM 8 (GOVERNMENT'S EXHIBIT 1113 WAS RECEIVED IN EVIDENCE.)  
10:15AM 9 BY MR. SCHENK:

10:15AM 10 Q. MR. JHAVERI, LET'S FIRST TIME STAMP THIS. THE DEMO YOU  
10:15AM 11 HAD WAS AUGUST 13TH, 2013; IS THAT RIGHT?

10:15AM 12 A. THAT'S RIGHT.

10:15AM 13 Q. AND SO THE PRESS RELEASE ANNOUNCING THE SERVICES ARE NOW  
10:15AM 14 AVAILABLE TO THE PUBLIC WAS LESS THAN ONE MONTH LATER; IS THAT  
10:15AM 15 RIGHT?

10:15AM 16 A. THAT'S RIGHT.

10:15AM 17 Q. AND SO YOU WERE IN PALO ALTO HAVING THE DEMONSTRATION JUST  
10:15AM 18 WEEKS BEFORE THE SERVICE WENT LIVE?

10:15AM 19 A. THAT'S CORRECT.

10:15AM 20 Q. THE PRESS RELEASE BEGINS, "THERANOS SELECTS WALGREENS AS A  
10:15AM 21 LONG-TERM PARTNER THROUGH WHICH TO OFFER ITS NEW CLINICAL  
10:15AM 22 LABORATORY SERVICE."

10:15AM 23 DO YOU SEE THAT?

10:15AM 24 A. I DO.

10:15AM 25 Q. "WITH FIRST LOCATION LAUNCHING THIS MONTH IN



10:16AM 1 SILICON VALLEY, CONSUMERS CAN NOW COMPLETE ANY  
10:16AM 2 CLINICIAN-DIRECTED LAB TEST WITH AS LITTLE AS A FEW DROPS OF  
10:16AM 3 BLOOD AND RESULTS AVAILABLE IN A MATTER OF HOURS."

10:16AM 4 DO YOU SEE THAT?

10:16AM 5 A. YES.

10:16AM 6 Q. SO THE FIRST LOCATION WAS LAUNCHING THIS MONTH IN  
10:16AM 7 SILICON VALLEY. IS THAT SEPTEMBER OF 2013?

10:16AM 8 A. THAT'S RIGHT.

10:16AM 9 Q. IS THAT THE PALO ALTO STORE THAT YOU WERE REFERRING TO  
10:16AM 10 EARLIER IN YOUR TESTIMONY?

10:16AM 11 A. YES, IT WAS.

10:16AM 12 Q. AND THEN IN THIS FIRST PARAGRAPH IT TALKS ABOUT BRINGING  
10:16AM 13 ACCESS TO THERANOS'S NEW LAB TESTING SERVICE, AND THEN A COUPLE  
10:16AM 14 OF LINES DOWN IT USES THE PHRASE "ACCESS TO LESS INVASIVE."

10:16AM 15 DO YOU SEE THAT?

10:16AM 16 "AND MORE AFFORDABLE."

10:16AM 17 DO YOU SEE THAT ALSO?

10:16AM 18 A. YES.

10:16AM 19 Q. AND THEN THE LAST SENTENCE OF THAT PARAGRAPHS, "THE  
10:16AM 20 SAMPLES ARE EITHER TAKEN FROM A TINY FINGERSTICK OR A  
10:16AM 21 MICRO-SAMPLE TAKEN FROM TRADITIONAL METHODS, ELIMINATING THE  
10:17AM 22 NEED FOR LARGER NEEDLES AND NUMEROUS VIALS OF BLOOD REQUIRED  
10:17AM 23 FOR MOST DIAGNOSTIC LAB TESTING."

10:17AM 24 IS THIS FIRST PARAGRAPH, WHAT I'VE JUST READ TO YOU,  
10:17AM 25 CONSISTENT WITH WHAT YOUR UNDERSTANDING WAS OF THE THERANOS

10:17AM 1 TECHNOLOGY AT THE TIME?

10:17AM 2 A. YES, IT IS.

10:17AM 3 Q. AND THEN TWO PARAGRAPH DOWN, THE ONE THAT BEGINS, "FOR THE  
10:17AM 4 FIRST TIME."

10:17AM 5 DO YOU SEE THAT PARAGRAPH?

10:17AM 6 A. YES, I DO.

10:17AM 7 Q. "THERANOS IS INTRODUCING A CLIA-CERTIFIED LAB SERVICE WITH  
10:17AM 8 THE ABILITY TO RUN ITS TESTS ON MICRO-SAMPLES."

10:17AM 9 IS THAT CONSISTENT WITH WHAT YOU UNDERSTOOD THE THERANOS  
10:17AM 10 TECHNOLOGY TO BE AT THE TIME?

10:17AM 11 A. YES.

10:17AM 12 Q. "THERANOS'S PROPRIETARY LABORATORY INFRASTRUCTURE  
10:17AM 13 MINIMIZES HUMAN ERROR THROUGH EXTENSIVE AUTOMATION TO PRODUCE  
10:17AM 14 HIGH QUALITY RESULTS."

10:17AM 15 WAS THAT SENTENCE CONSISTENT WITH YOUR UNDERSTANDING OF  
10:17AM 16 THE THERANOS TECHNOLOGY AT THE TIME?

10:17AM 17 A. YES.

10:17AM 18 Q. "THERANOS RESULTS ARE AVAILABLE TO PHYSICIANS IN A MATTER  
10:18AM 19 OF HOURS."

10:18AM 20 IS THAT ALSO CONSISTENT WITH WHAT YOU UNDERSTOOD THE  
10:18AM 21 THERANOS TECHNOLOGY TO OFFER AT THE TIME?

10:18AM 22 A. YES.

10:18AM 23 Q. MR. JHAVERI, WOULD YOU NOW TURN TO THE NEXT TAB. IT'S  
10:18AM 24 1254.

10:18AM 25 YOUR HONOR, THE GOVERNMENT OFFERS THE ONE EMAIL THAT I

10:18AM 1 BELIEVE IS SHOWING IN THE COURT'S BINDER. IT'S AN EMAIL  
10:18AM 2 FROM -- ACTUALLY, LET ME ASK A QUESTION.  
10:18AM 3 MR. JHAVERI, DO YOU SEE THE EMAIL ON THE BOTTOM OF PAGE 1  
10:18AM 4 OF EXHIBIT 1254?  
10:18AM 5 A. I DO.  
10:18AM 6 Q. AND IT'S AN EMAIL FROM MR. BALWANI TO THREE INDIVIDUALS.  
10:18AM 7 DO YOU RECOGNIZE THOSE THREE INDIVIDUALS?  
10:18AM 8 A. I DO.  
10:18AM 9 Q. AND THE FIRST IS JAY ROSAN.  
10:18AM 10 WHO IS JAY ROSAN?  
10:18AM 11 A. JAY ROSAN IS A PHYSICIAN AND HE WAS IN CHARGE OF HEALTH  
10:19AM 12 CARE INNOVATION AT THE TIME.  
10:19AM 13 Q. THE NEXT NAME IS BRAD WASSON.  
10:19AM 14 DO YOU RECOGNIZE THAT NAME?  
10:19AM 15 A. I DO.  
10:19AM 16 Q. AND WHO WAS BRAD WASSON?  
10:19AM 17 A. BRAD WASSON WAS ALSO A LEADER AT WALGREENS, AND AT THE  
10:19AM 18 TIME I THINK HE WAS IN CHARGE OF SOME OF THE PRODUCT  
10:19AM 19 DEVELOPMENT FOR PHARMACY SERVICES FOR WALGREENS.  
10:19AM 20 Q. AND FINALLY, RICHARD ASHWORTH.  
10:19AM 21 DO YOU RECOGNIZE THAT NAME?  
10:19AM 22 A. I DO.  
10:19AM 23 Q. WHO IS THAT?  
10:19AM 24 A. RICHARD ASHWORTH WAS ONE OF OUR SENIOR VICE PRESIDENTS  
10:19AM 25 THAT HAD PHARMACY OPERATIONS FOR THE WEST COAST OF THE COMPANY.

10:19AM 1 Q. AND THE EMAIL IS FROM SUNNY BALWANI AND THE EMAIL ADDRESS  
10:19AM 2 IS LISTED THERE.

10:19AM 3 DID YOU COMMUNICATE WITH MR. BALWANI OVER EMAIL?

10:19AM 4 A. YES, DURING THE PROJECT WE DID.

10:19AM 5 Q. AND WHEN YOU SENT HIM EMAILS, WAS THAT THE EMAIL ADDRESS  
10:19AM 6 THAT YOU USED?

10:19AM 7 A. YES.

10:19AM 8 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS THE  
10:19AM 9 EMAIL AND THE CONTENT OF THE BODY OF 1254.

10:20AM 10 MR. COOPERSMITH: 901, YOUR HONOR. OBJECTION.

10:20AM 11 THE COURT: OVERRULED. IT'S ADMITTED, AND IT MAY BE  
10:20AM 12 PUBLISHED.

10:20AM 13 (GOVERNMENT'S EXHIBIT 1254 WAS RECEIVED IN EVIDENCE.)

10:20AM 14 MR. SCHENK: THANK YOU.

10:20AM 15 Q. MR. JHAVERI, IT LOOKS LIKE MR. BALWANI IS SENDING A URL  
10:20AM 16 LINK.

10:20AM 17 DO YOU SEE THAT?

10:20AM 18 A. I DO.

10:20AM 19 Q. AND THEN THE CONTENT OF AN ARTICLE.

10:20AM 20 DO YOU SEE THAT ALSO?

10:20AM 21 A. I DO.

10:20AM 22 Q. AND IT'S FROM SOMETHING CALLED "SINGULARITYHUB."

10:20AM 23 DO YOU SEE THAT?

10:20AM 24 A. I DO.

10:20AM 25 Q. NOW, IF WE CAN GO INTO THE BODY OF THE ARTICLE ON THE NEXT

10:20AM 1 PAGE, SO PAGE 2. IT READS, THE FIRST PARAGRAPH, "A NUMBER OF  
10:20AM 2 STARTUPS ARE SELLING PORTABLE DIAGNOSTIC LABORATORIES THAT  
10:20AM 3 REQUIRE JUST A DROP OF THE PATIENT'S BLOOD, MADE POSSIBLE BY  
10:21AM 4 ADVANCES IN THE FIELD OF MICROFLUIDICS. BUT PERHAPS LAB TESTS  
10:21AM 5 CAN BE MADE FASTER, EASIER, AND MORE ACCURATE WITH A  
10:21AM 6 TURN-OF-THE-LAST CENTURY TECHNOLOGY: AUTOMATION. THAT'S THE  
10:21AM 7 BET THAT SILICON VALLEY COMPANY THERANOS IS MAKING, AND THE  
10:21AM 8 COMPANY RECENTLY SEALED A DEAL WITH WALGREENS'S PHARMACY TO  
10:21AM 9 DELIVER ON-SITE LABORATORY SERVICES TO MANY OF ITS STORES."

10:21AM 10 MR. COOPERSMITH: YOUR HONOR, I'M GOING TO ADD AN  
10:21AM 11 802 OBJECTION TO READING THE ARTICLE.

10:21AM 12 MR. SCHENK: TWO POINTS. FIRST, IT'S IN EVIDENCE.  
10:21AM 13 SECOND, IT'S NOT BEING OFFERED FOR THE TRUTH, BUT RATHER  
10:21AM 14 IT'S RELEVANT TO SHOW MR. BALWANI'S KNOWLEDGE AND MR. BALWANI'S  
10:21AM 15 INTENT TO SHARE THE CONTENT OF THIS ARTICLE WITH INDIVIDUALS  
10:21AM 16 LIKE WALGREENS WHO WERE BOTH INVESTORS AND BUSINESS PARTNERS.

10:21AM 17 THE COURT: ALL RIGHT. SO IT'S NOT -- YOU'RE NOT  
10:21AM 18 OFFERING IT FOR THE TRUTH OF THE MATTER ASSERTED IN THE  
10:22AM 19 ARTICLE, BUT FOR THE REASONS THAT YOU STATED, THE INTENT,  
10:22AM 20 NOTICE INTENT, AND TO SHOW THAT IT WAS DISTRIBUTED FROM  
10:22AM 21 MR. BALWANI?

10:22AM 22 MR. SCHENK: AND KNOWLEDGE.

10:22AM 23 THE COURT: AND KNOWLEDGE. THANK YOU.

10:22AM 24 ALL RIGHT. I'LL OVERRULE THE OBJECTION. IT'S ADMITTED  
10:22AM 25 FOR THAT LIMITED PURPOSE ONLY, LADIES AND GENTLEMEN, NOT FOR

10:22AM 1 THE TRUTH OF THE MATTER ASSERTED IN THE DOCUMENT AS READ BY --  
10:22AM 2 AS WAS READ BY MR. SCHENK, BUT RATHER AS TO THE ISSUE OF  
10:22AM 3 KNOWLEDGE AND INTENT AS TO MR. BALWANI.

10:22AM 4 YOU CAN CONTINUE.

10:22AM 5 MR. SCHENK: THANK YOU, YOUR HONOR.

10:22AM 6 Q. MR. JHAVERI, NOW, IF WE CAN LOOK AT THE NEXT PARAGRAPH,  
10:22AM 7 THE ONE THAT BEGINS "HENRY FORD."

10:22AM 8 DO YOU SEE THAT ONE?

10:22AM 9 A. YES, I DO.

10:22AM 10 Q. "HENRY FORD WOULD RECOGNIZE THE PRINCIPLE THAT ALLOWS  
10:22AM 11 THERANOS TO COMPLETE ACCURATE LAB TESTS WITHIN 4 HOURS:  
10:22AM 12 CONSISTENCY AND AUTOMATION INCREASE SPEED AND BRING PRICE DOWN.  
10:22AM 13 EVEN SO, THERANOS'S SELLING POINT IS MUCH SMALLER THAN A  
10:23AM 14 MODEL T: A CAPSULE-SIZED LAB VIAL, AND JUST ONE NEEDS TO BE  
10:23AM 15 FILLED FOR THE COMPANY TO RUN NEARLY ANY STANDARD LAB TEST."

10:23AM 16 DO YOU SEE THAT?

10:23AM 17 A. YES, I DO.

10:23AM 18 Q. AND THAT LAST SENTENCE THAT I READ TO YOU, "A  
10:23AM 19 CAPSULE-SIZED LAB VIAL, AND JUST ONE NEEDS TO BE FILLED FOR THE  
10:23AM 20 COMPANY TO RUN NEARLY ANY STANDARD LAB TEST," WAS THAT ALSO  
10:23AM 21 CONSISTENT WITH YOUR UNDERSTANDING OF THE TECHNOLOGY OFFERING,  
10:23AM 22 THAT IS, WHAT WALGREENS WAS PARTNERING WITH THERANOS TO  
10:23AM 23 ACCOMPLISH?

10:23AM 24 A. YES.

10:23AM 25 Q. IT CONTINUES NOW WITH A PARAGRAPH, "HERE'S HOW IT WORKS."

10:23AM 1 DO YOU SEE WHERE I AM?

10:23AM 2 A. I DO.

10:23AM 3 Q. "HERE'S HOW IT WORKS: BLOOD IS DRAWN WITH A FINGERSTICK,  
10:23AM 4 RATHER THAN A NEEDLE IN THE ARM. (IT CAN ALSO RUN URINE TESTS  
10:23AM 5 WITH JUST A DROP OF THAT.) THERE ARE NO BOTCHED STICKS -- OF  
10:24AM 6 COURSE, THERE ARE NO PHLEBOTOMISTS, ONLY MACHINES, IN THERANOS  
10:24AM 7 LABS."

10:24AM 8 DO YOU SEE THAT?

10:24AM 9 A. YES, I DO.

10:24AM 10 Q. IT CONTINUES ON THE LAST PARAGRAPH OF THIS PAGE,  
10:24AM 11 "'THERANOS HAS WORKED RELENTLESSLY" --

10:24AM 12 DO YOU SEE WHERE I AM?

10:24AM 13 A. YES.

10:24AM 14 Q. -- "TO REACH A POINT AT WHICH WE COULD HELP MAKE  
10:24AM 15 ACTIONABLE INFORMATION ACCESSIBLE TO PHYSICIANS AND PATIENTS AT  
10:24AM 16 THE TIME IT MATTERS MOST. CLINICIANS CAN NOW SEE THEIR  
10:24AM 17 PATIENTS HAVING RECEIVED LAB RESULTS FROM FRESH SAMPLES IN A  
10:24AM 18 MATTER OF HOURS,' SHE SAID IN A STATEMENT."

10:24AM 19 AND WHAT I JUST READ TO YOU WAS IN QUOTES.

10:24AM 20 DO YOU SEE THAT?

10:24AM 21 A. YES.

10:24AM 22 Q. AND TWO PARAGRAPHS UP FROM THAT, DOES IT ATTRIBUTE THE  
10:24AM 23 QUOTE TO CEO ELIZABETH HOLMES?

10:24AM 24 A. YES.

10:25AM 25 Q. AND IF YOU'LL TURN TO THE NEXT PAGE AND THE SECOND

10:25AM 1 PARAGRAPH, IT READS, "THE MACHINES METE OUT BITS OF THE  
10:25AM 2 'MICRO-SAMPLE' FOR EACH TEST A DOCTOR HAS ORDERED. IN  
10:25AM 3 CONVENTIONAL TESTING, EACH TEST REQUIRES A DEDICATED VIAL,  
10:25AM 4 WHICH ADDS DRAMATICALLY TO THE AMOUNT OF BLOOD REQUIRED.  
10:25AM 5 THERANOS IS EVEN ABLE TO SAVE SOME OF THE TINY SAMPLE IN CASE  
10:25AM 6 THE DOCTOR REQUESTS FURTHER TESTS AFTER SEEING THE INITIAL  
10:25AM 7 RESULTS."

10:25AM 8 WAS "THAT" -- AND BY "THAT" I MEAN THE ABILITY TO SAVE  
10:25AM 9 SOME SAMPLE AND RUN FURTHER TESTS -- WAS THAT CONSISTENT WITH  
10:25AM 10 YOUR UNDERSTANDING OF THE THERANOS TECHNOLOGY AT THIS TIME?

10:25AM 11 A. YES, IT WAS.

10:25AM 12 Q. "ALL OF THE DIAGNOSTIC TECHNOLOGY," I'M NOW CONTINUING  
10:26AM 13 WITH THE NEXT PARAGRAPH, "IS INTEGRATED, WHICH INCREASES  
10:26AM 14 PRECISION. EACH MACHINE IN A CONVENTIONAL LAB MAY CALIBRATE  
10:26AM 15 DIFFERENTLY, AND THE MIX OF BRANDS AND AGES IN MEANS RESULTS  
10:26AM 16 COME WITH AN IMPLIED 'OR SO' AT THE END. PLOTTING RESULTS OVER  
10:26AM 17 TIME IS THEREFORE MOSTLY USELESS."

10:26AM 18 IS THIS ALSO CONSISTENT WITH YOUR UNDERSTANDING OF THE  
10:26AM 19 ADVANTAGES OF THE THERANOS TECHNOLOGY, THAT IS, UNLIKE  
10:26AM 20 CONVENTIONAL MACHINES, THE THERANOS MACHINES DON'T CALIBRATE  
10:26AM 21 DIFFERENTLY, BUT RATHER ARE CALIBRATED TOGETHER?

10:26AM 22 A. YES. MY UNDERSTANDING WAS AT THE TIME THAT YOUR  
10:26AM 23 TRADITIONAL LABS CAN HAVE VARIATION FROM LAB TO LAB, AND WITH  
10:26AM 24 THE THERANOS LAB, THAT VARIATION WOULD NOT OCCUR.

10:26AM 25 Q. AND DO YOU RECALL WHERE YOU GOT THAT UNDERSTANDING? DID



10:26AM 1 YOU TALK ABOUT THAT CONCEPT, FOR EXAMPLE, WITH MR. BALWANI?

10:26AM 2 A. YES, SIR.

10:26AM 3 Q. WOULD YOU NOW TURN TO EXHIBIT 1387.

10:27AM 4 MR. JHAVERI, IS 1387 ANOTHER AMENDED AGREEMENT BETWEEN  
10:27AM 5 THERANOS AND WALGREENS?

10:27AM 6 A. YES.

10:27AM 7 Q. AND IS IT DATED THE END OF 2013, DECEMBER 31ST?

10:27AM 8 A. THAT'S CORRECT.

10:27AM 9 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 1387.

10:27AM 10 MR. COOPERSMITH: NO OBJECTION.

10:27AM 11 THE COURT: 1387?

10:27AM 12 MR. SCHENK: YES, YOUR HONOR.

10:27AM 13 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

10:27AM 14 MR. SCHENK: THANK YOU.

10:27AM 15 (GOVERNMENT'S EXHIBIT 1387 WAS RECEIVED IN EVIDENCE.)

10:27AM 16 BY MR. SCHENK:

10:27AM 17 Q. MR. JHAVERI, I'M GOING TO DIRECT YOUR ATTENTION TO A  
10:27AM 18 SENTENCE IN THE SECOND MIDDLE OF THE PARAGRAPH. IT SAYS  
10:27AM 19 "ASSUMING APPROPRIATE COVERAGE."

10:27AM 20 DO YOU SEE THAT ABOUT FIVE OR SIX LINES DOWN?

10:28AM 21 A. YES, I DO.

10:28AM 22 Q. "ASSUMING APPROPRIATE COVERAGE, QUALITY, AND PERFORMANCE  
10:28AM 23 BY WALGREENS, IT IS THE EXPECTATION THAT WALGREENS WILL BE  
10:28AM 24 THERANOS'S EXCLUSIVE RETAIL PHARMACY AND CLINIC PARTNER.  
10:28AM 25 ASSUMING THE ABILITY TO SCALE, ACCEPTABLE QUALITY AND

10:28AM 1 PERFORMANCE BY THERANOS, IT IS THE EXPECTATION THAT THERANOS  
10:28AM 2 WILL BE WALGREENS' EXCLUSIVE PARTNER FOR THE SERVICES."

10:28AM 3 DO YOU SEE THAT?

10:28AM 4 A. YES, I DO.

10:28AM 5 Q. IN DECEMBER OF 2013 WHEN THIS AGREEMENT WAS AMENDED, DO  
10:28AM 6 YOU REMEMBER WHAT WAS HAPPENING IN THE RELATIONSHIP, SORT OF  
10:28AM 7 WHAT WAS YOUR ROLE AND WHAT WAS GOING ON IN THE  
10:28AM 8 THERANOS-WALGREENS RELATIONSHIP?

10:28AM 9 A. YEAH. RIGHT ABOUT THIS TIME, WE HAD ABOUT THREE STORES  
10:28AM 10 OPEN, WE HAD THREE STORES OPENED, AND I WAS PROBABLY A FEW  
10:28AM 11 WEEKS AWAY FROM TAKING OVER THE INITIATIVE IN THE PARTNERSHIP.

10:28AM 12 AND SO THE TWO COMPANIES WERE ALSO IN THE PROCESS OF  
10:29AM 13 REDOING THEIR AGREEMENT TO MAKE SURE THAT IT'S CURRENT, THAT IT  
10:29AM 14 MEETS THE REQUIREMENTS THAT BOTH COMPANIES CAN AGREE UPON, AND  
10:29AM 15 IT WAS LED BY OUR M & A DIVISION, OUR MERGERS AND ACQUISITION  
10:29AM 16 DIVISION, LED BY A GENTLEMAN NAMED MARK VAINISI.

10:29AM 17 Q. AND WHEN IT SAYS IN THE SENTENCE THAT I READ TO YOU,  
10:29AM 18 "ASSUMING THE ABILITY TO SCALE ACCEPTABLE QUALITY AND  
10:29AM 19 PERFORMANCE BY THERANOS, IT IS THE EXPECTATION THAT THERANOS  
10:29AM 20 WILL BE WALGREENS EXCLUSIVE PARTNER," WHAT DID THAT MEAN?

10:29AM 21 AND BY "THAT" I MEAN THINGS LIKE ABILITY TO SCALE,  
10:29AM 22 ACCEPTABLE QUALITY?

10:29AM 23 A. WELL, THE REFERENCE HERE AGAIN IS THAT THERE ARE A LOT OF  
10:29AM 24 THINGS THAT GO INTO THE ABILITY TO EXPAND THESE SERVICES  
10:29AM 25 NATIONWIDE. IT'S NOT SIMPLY DROPPING A MACHINE DOWN OR

10:29AM 1 CENTRIFUGE DOWN AND TRAINING A BUNCH OF PEOPLE.

10:30AM 2 IT REQUIRES QUITE A BIT OF TIME, COST, PLANNING. AND SO  
10:30AM 3 WHAT WE'RE REFERRING TO IS BOTH COMPANIES HAVE TO HAVE THE  
10:30AM 4 ABILITY TO SCALE TO MORE STORES, NUMBER ONE.

10:30AM 5 THE SERVICE HAS TO BE HIGH QUALITY; AND THE PERFORMANCE,  
10:30AM 6 IN THIS CASE, THE THERANOS PERFORMANCE BECAUSE THEY ARE THE  
10:30AM 7 LAB, HAS TO BE MEETING THE AGREED UPON REQUIREMENTS.

10:30AM 8 AND IF SO, IF THAT HAPPENS, THEN WE WILL CONTINUE TO  
10:30AM 9 EXPAND. THAT'S REALLY WHAT THIS IS REFERRING TO.

10:30AM 10 Q. YOU DESCRIBED A MOMENT AGO SOME OF THE THINGS THAT WERE  
10:30AM 11 NECESSARY FOR FURTHER EXPANSION, LIKE ACCEPTABLE QUALITY; IS  
10:30AM 12 THAT RIGHT?

10:30AM 13 A. THAT'S CORRECT.

10:30AM 14 Q. AND IN THE CONTEXT OF LAB TESTING, WHAT DOES THAT MEAN?

10:30AM 15 A. WELL, A COUPLE OF THINGS. WELL, THE MAIN THING IS  
10:30AM 16 ACCURACY.

10:30AM 17 MR. COOPERSMITH: OBJECTION, YOUR HONOR. 702.

10:30AM 18 THE COURT: WHY DON'T YOU ASK THAT QUESTION AGAIN,  
10:30AM 19 IF YOU WOULD, PLEASE.

10:30AM 20 MR. SCHENK: YES.

10:31AM 21 Q. WHEN YOU WERE WORKING ON THE THERANOS PROJECT INITIALLY IN  
10:31AM 22 THE PILOT AND ASSISTING -- DID YOU ASSIST IN THE DETERMINATION  
10:31AM 23 OF WHETHER THERE WOULD BE FURTHER EXPANSION?

10:31AM 24 A. CAN YOU ASK THAT QUESTION AGAIN, SIR?

10:31AM 25 Q. YES.

10:31AM 1 DURING YOUR WORK ON THE PILOT PHASE, DID YOU HAVE A ROLE  
10:31AM 2 IN EVALUATING WHETHER THE PILOT WAS SUCCESSFUL?

10:31AM 3 A. YES.

10:31AM 4 Q. AND IN YOUR EVALUATION OF WHETHER THE PILOT WAS  
10:31AM 5 SUCCESSFUL, WHAT KIND OF FACTORS DID YOU CONSIDER? WHAT DID  
10:31AM 6 YOU PAY ATTENTION TO?

10:31AM 7 A. WELL, WE PAID ATTENTION TO SEVERAL FACTORS, AND I REFERRED  
10:31AM 8 TO METRICS THAT WE HAD DEFINED BETWEEN THE THERANOS TEAM AND  
10:31AM 9 THE WALGREENS TEAM, AND THOSE METRICS WERE -- SOME WERE  
10:31AM 10 OPERATIONAL IN NATURE, IN OTHER WORDS, WHAT DOES THE EXPERIENCE  
10:31AM 11 LOOK LIKE, HOW LONG DOES THE PATIENT WAIT, HOW LONG DOES IT  
10:31AM 12 TAKE TO CHECK IN A PATIENT, THINGS OF THAT NATURE.

10:31AM 13 THEN WE ALSO HAD METRICS THAT LOOKED AT HOW LONG IT TAKES  
10:31AM 14 TO TRAIN TEAM MEMBERS.

10:31AM 15 KEEP IN MIND, WHEN WE TRAIN TEAM MEMBERS, WE HAVE TO PULL  
10:32AM 16 THEM FROM THEIR NORMAL DAY-TO-DAY JOB, AND SO IT IMPACTS  
10:32AM 17 SERVICE LEVELS IN OUR STORES, AND SO WE HAD TO MINIMIZE THAT  
10:32AM 18 WHILE STILL TRAINING THEM APPROPRIATELY, SO WE MEASURED THAT.

10:32AM 19 THREE, WE MEASURED THE NUMBER OF TEAM MEMBERS THAT WE ALSO  
10:32AM 20 TRAINED. IF WE WERE GOING TO EXPAND, WE NEEDED TO HAVE THESE  
10:32AM 21 FOLKS READY TO GO SO THEY COULD BE PUT INTO THESE STORES AND  
10:32AM 22 START WORKING.

10:32AM 23 AND THEN WE HAD OTHER MEASURES THAT WE ALSO LOOKED AT ON  
10:32AM 24 THE PERFORMANCE OF THE SERVICE ITSELF, AND ONE OF THOSE WAS THE  
10:32AM 25 NUMBER OF PATIENTS THAT WERE RECEIVING A FINGERSTICK DRAW

10:32AM 1 VERSUS A VENOUS DRAW, AND WE MEASURED THAT AS WELL.

10:32AM 2 AND SO ALL OF THESE METRICS WENT INTO DETERMINING WHETHER  
10:32AM 3 OR NOT THE PILOT WAS SUCCESSFUL, AND WE MEASURED AND WE  
10:32AM 4 MONITORED THOSE NUMBERS ON A REGULAR BASIS.

10:32AM 5 Q. DID YOU COMMUNICATE THESE METRICS TO MR. BALWANI?

10:32AM 6 A. I DID.

10:32AM 7 Q. AND DID YOU -- DO YOU KNOW WHETHER MR. BALWANI KNEW THAT  
10:33AM 8 WALGREENS WAS PAYING ATTENTION TO THESE METRICS?

10:33AM 9 A. WE DID. ALL OF THE METRICS AND THE PLAN WAS DONE  
10:33AM 10 COLLABORATIVELY WITH MR. BALWANI'S TEAM AND MY TEAM TOGETHER,  
10:33AM 11 AND SO THERE WAS TRANSPARENCY IN WHAT WE WERE TRYING TO ACHIEVE  
10:33AM 12 AND WHAT ARE THE NUMBERS THAT WE ARE TRYING TO HIT.

10:33AM 13 Q. WAS -- ACTUALLY, LET'S MOVE TO EXHIBIT 3755 IN YOUR  
10:33AM 14 BINDER.

10:33AM 15 THE COURT: WHILE YOU'RE DOING THAT, MR. SCHENK, LET  
10:33AM 16 ME INVITE THE JURY TO JUST STAND AND TAKE A STRETCHING BREAK  
10:33AM 17 FOR JUST A MOMENT.

10:33AM 18 THE EXHIBIT AGAIN WAS?

10:33AM 19 MR. SCHENK: 3755.

10:33AM 20 THE COURT: THANK YOU.

10:34AM 21 (STRETCHING.)

10:34AM 22 THE COURT: ALL RIGHT. THANK YOU, MR. SCHENK.

10:34AM 23 MR. SCHENK: THANK YOU.

10:34AM 24 Q. MR. JHAVERI, DO YOU RECOGNIZE THE DOCUMENT THAT IS LOCATED  
10:34AM 25 AT EXHIBIT 3755?

10:34AM 1 A. I DO.

10:34AM 2 Q. AND WHAT IS THIS DOCUMENT?

10:34AM 3 A. WHAT THIS IS, IS A PROGRAM CHARTER, AND FOR A SIMPLE  
10:34AM 4 DESCRIPTION, WHENEVER WE START A PROJECT, WE WRITE SORT OF A  
10:34AM 5 SYNOPSIS OF WHAT WE WANT TO ACHIEVE, WHAT IS THE PROJECT, WHO  
10:34AM 6 IS THE TEAM, WHAT ARE WE TRYING TO DO, WHAT ARE SOME OF THE  
10:34AM 7 METRICS, WHAT DOES THE PILOT LOOK LIKE?

10:34AM 8 ALL OF THOSE THINGS WE TRY TO DOCUMENT AND TO MAKE SURE  
10:34AM 9 THAT WE'RE STAYING TRUE TO WHAT WE'RE TRYING TO ACHIEVE.

10:35AM 10 Q. AND IS THIS AN INTERNAL WALGREENS DOCUMENT?

10:35AM 11 A. YES, SIR.

10:35AM 12 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 3755.

10:35AM 13 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.

10:35AM 14 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

10:35AM 15 (GOVERNMENT'S EXHIBIT 3755 WAS RECEIVED IN EVIDENCE.)

10:35AM 16 BY MR. SCHENK:

10:35AM 17 Q. MR. JHAVERI, AT THE VERY TOP, THE PROGRAM NAME IS  
10:35AM 18 DIAGNOSTIC TESTING.

10:35AM 19 DO YOU SEE THAT?

10:35AM 20 A. YES, SIR.

10:35AM 21 Q. AND UNDER BUSINESS OWNER ON THE RIGHT, I SEE YOUR NAME AND  
10:35AM 22 SOMEONE NAMED BRAD WASSON; IS THAT RIGHT?

10:35AM 23 A. YES, SIR.

10:35AM 24 Q. AND WHAT DOES "BUSINESS OWNER" MEAN?

10:35AM 25 A. OWNERSHIP OF THE EXECUTION OF THE PROJECT ITSELF.

10:35AM 1 Q. AND IS BRAD WASSON A NAME THAT WE SAW ON AN EMAIL AN  
10:35AM 2 EXHIBIT OR TWO AGO?

10:35AM 3 A. YES, BRAD WASSON WAS AT THE TIME MY BOSS.

10:35AM 4 Q. OKAY. IF YOU'LL NOW TURN TO PAGE 2 OF THIS DOCUMENT, ON  
10:35AM 5 SORT OF THE SECOND SECTION UNDER EXECUTIVE SUMMARY, THE OVERALL  
10:35AM 6 GOAL.

10:35AM 7 DO YOU SEE THAT?

10:35AM 8 A. YES, I DO.

10:36AM 9 Q. "THE OVERALL GOAL IS TO EXPAND TO 2500 STORES NATIONWIDE  
10:36AM 10 BY THE END OF FISCAL YEAR '16. THE PLAN FOR FISCAL YEAR '14 IS  
10:36AM 11 TO ROLL OUT DIAGNOSTIC TESTING SERVICES TO 40 STORES BY  
10:36AM 12 AUGUST 1, 2014."

10:36AM 13 DO YOU SEE THAT?

10:36AM 14 A. YES, SIR.

10:36AM 15 Q. WHAT DOES IT MEAN THAT THE GOAL WAS TO EXPAND TO 2500  
10:36AM 16 STORES NATIONWIDE BY THE END OF FISCAL YEAR '16?

10:36AM 17 A. YEAH. SO IT'S EXACTLY HOW IT STATES. SO THE PLAN WAS  
10:36AM 18 THAT IF EVERYTHING GOES RIGHT, THAT WE WOULD GET TO 2500 STORES  
10:36AM 19 AND BE NATIONWIDE AND OFFER THESE SERVICES BY THE END OF FISCAL  
10:36AM 20 YEAR '16.

10:36AM 21 AND JUST TO BE SPECIFIC ON WHAT FISCAL YEAR MEANS, THE  
10:36AM 22 WALGREENS FISCAL YEAR IS FROM SEPTEMBER 1ST TO AUGUST 31ST. SO  
10:36AM 23 IN THIS PARTICULAR CASE WE'RE TALKING ABOUT FISCAL YEAR '16, AT  
10:37AM 24 THE END OF FISCAL YEAR '16 WOULD BE AUGUST 31ST, 2016.

10:37AM 25 Q. AND YOU SAID EXPAND TO 2500 STORES. IS THIS REGARDING

10:37AM 1 THERANOS BLOOD TESTING SERVICES WITHIN A WALGREENS STORE?

10:37AM 2 A. YES, SIR.

10:37AM 3 Q. WHY THEN IN -- FIRST OF ALL, IF YOU COULD GO BACK TO THE  
10:37AM 4 FIRST PAGE, LET'S CAPTURE THE DATE.

10:37AM 5 DO YOU SEE DOCUMENT VERSION CONTROL?

10:37AM 6 A. I DO.

10:37AM 7 Q. AND AT THE -- THERE'S A LIST OF ROWS, THE THIRD ROW, OR  
10:37AM 8 VERSION 3.0, IS DATED IN MARCH OF 2014.

10:37AM 9 DO YOU SEE THAT?

10:37AM 10 A. YES.

10:37AM 11 Q. AND SO IS THAT THE DATE OF THE VERSION OF THE DOCUMENT  
10:37AM 12 THAT WE ARE LOOKING AT?

10:37AM 13 A. THAT'S CORRECT.

10:37AM 14 Q. SO WHY IN MARCH OF 2014 IS WALGREENS TALKING ABOUT A GOAL  
10:37AM 15 FOR THE END OF FISCAL YEAR '16?

10:37AM 16 A. WELL, WITH ANY INITIATIVE, SPECIFICALLY FOR THERANOS, YOU  
10:37AM 17 HAVE TO PLAN, AND WHAT THIS CHARTER SHOWS IS WHAT THE HOPE AND  
10:38AM 18 THE PLAN IS WHAT WE WOULD GET TO.

10:38AM 19 AS I MENTIONED, A PROGRAM CHARTER IDENTIFIES AND CLEARLY  
10:38AM 20 DOCUMENTS WHAT WE ARE TRYING TO ACHIEVE AND WHAT THE GOAL OF  
10:38AM 21 THE PROJECT IS.

10:38AM 22 AND SO THE GOAL OF THE PROJECT WAS TO BE NATIONWIDE. THAT  
10:38AM 23 WAS THE HOPE, TO EXPAND THIS TO 2500 STORES.

10:38AM 24 BUT IN ORDER FOR US TO DO THAT, WE HAVE TO GO THROUGH THAT  
10:38AM 25 PROCESS OF CRAWL, WALK, RUN, THAT PILOT PHASE TO MAKE SURE



10:38AM 1 WE'RE HITTING THE SUCCESS MEASURES THAT WE'VE DEFINED.

10:38AM 2 Q. THANK YOU.

10:38AM 3 IF YOU'LL NOW LOOK AT THE LAST SENTENCE OF THIS EXECUTIVE  
10:38AM 4 SUMMARY, "THE SCOPE OF THIS PROGRAM CHARTER IS TARGETED AT THE  
10:38AM 5 PILOT PHASE, WITH AN OVERVIEW FOR WHAT IS CURRENTLY KNOWN ABOUT  
10:38AM 6 SCALE PLANS."

10:38AM 7 DO YOU SEE THAT?

10:38AM 8 A. YES, SIR.

10:38AM 9 Q. AND WHAT DOES IT MEAN THAT THE SCOPE OF THE PROGRAM  
10:38AM 10 CHARTER, THIS DOCUMENT, IS THE PILOT PHASE?

10:39AM 11 A. YEAH. SO WHAT WE HAVE IN THIS PROGRAM CHARTER IS THE  
10:39AM 12 DETAILS OF THE PHASE THAT WE CALL THE PILOT, WHICH IS THE 40,  
10:39AM 13 41 STORES THAT WE WILL BE LAUNCHING. WHAT WILL WE BE LOOKING  
10:39AM 14 AT? WHAT ARE THE SUCCESS MEASURES DURING THAT PILOT PHASE?

10:39AM 15 AND THEN, AS IT STATES, THE OVERVIEW IS WHERE WE HOPE TO  
10:39AM 16 GO BASED ON THAT PILOT. AND SO WE DON'T HAVE THE DETAILS IN  
10:39AM 17 THIS PROGRAM CHARTER BECAUSE WE DON'T KNOW WHAT WE'RE GOING TO  
10:39AM 18 LEARN IN THAT PILOT PHASE, SO THAT'S THE OVERVIEW.

10:39AM 19 BUT THE DETAILS ARE THE PILOT ITSELF.

10:39AM 20 Q. WAS WALGREENS PLANNING TO USE WHAT IT LEARNED THROUGH THE  
10:39AM 21 PILOT PHASE TO THEN FOCUS ON FURTHER EXPANSION?

10:39AM 22 A. YES. THE IDEA HERE IS TO MAKE SURE THAT THE SERVICES  
10:39AM 23 WORKING AS DEFINED IN THE PROGRAM CHARTER AS AGREED UPON WITH  
10:39AM 24 THERANOS AND WALGREENS, EXCUSE ME.

10:39AM 25 AND THEN DURING THAT PILOT PHASE, AS WE LEARN MORE, WE

10:40AM 1 SHIFTED, WE CHANGED, WE EVOLVED.

10:40AM 2 AND WHEN WE BELIEVE THAT WE HAVE ACHIEVED THAT SUCCESS,  
10:40AM 3 THEN WE CAN EXPAND FURTHER.

10:40AM 4 BUT DURING THAT TIME, WE'RE STILL PLANNING BECAUSE, AGAIN,  
10:40AM 5 YOU CAN'T JUST WAKE UP ONE DAY AND SAY, I'M GOING TO OPEN UP  
10:40AM 6 2500 STORES. IT TAKES A LOT OF TIME, A LOT OF EFFORT, A LOT OF  
10:40AM 7 COST, A LOT OF TRAINING TO DO THAT.

10:40AM 8 AND SO WE'RE ALWAYS PLANNING FORWARD BASED ON WHAT WE'RE  
10:40AM 9 SEEING, AND THAT CAN ALWAYS CHANGE BASED ON THE RESULTS THAT  
10:40AM 10 WE'RE SEEING IN THE PILOT.

10:40AM 11 Q. OKAY. I'M GOING TO ASK YOU A QUESTION ABOUT PROPOSED  
10:40AM 12 SOLUTION ON PAGE 3, BUT DO YOU NEED TO TAKE A MINUTE AND GRAB  
10:40AM 13 WATER? WOULD THAT HELP?

10:40AM 14 A. YEAH. THANK YOU.

10:40AM 15 Q. SURE.

10:40AM 16 AT THE BOTTOM OF PAGE 3, DO YOU SEE THE SECTION ENTITLED  
10:41AM 17 PROPOSED SOLUTION?

10:41AM 18 A. YES, SIR.

10:41AM 19 Q. AND IT READS, "WALGREENS PLANS TO OFFER LABORATORY  
10:41AM 20 SERVICES THROUGH OUR RETAIL STORES. WE PLAN ON PERFORMING THE  
10:41AM 21 MAJORITY OF THE SAME TESTS (SEE THERANOS TEST MENU IN APPENDIX  
10:41AM 22 C OF PROGRAM CHARTER APPENDIX) THAT THE INDUSTRY LEADERS DO  
10:41AM 23 TODAY (LABCORP AND QUEST). THE FUNDAMENTAL DIFFERENCE WILL BE  
10:41AM 24 THAT WALGREENS, THROUGH OUR CONVENIENT LOCATIONS, WILL OFFER  
10:41AM 25 GREATER EASE AND ACCESS THAN IS CURRENTLY FOUND IN THE INDUSTRY

10:41AM 1 TODAY. WALGREENS WILL BE ENTERING THE LAB MARKET WITH A  
10:41AM 2 DISRUPTIVE," AND THEN IT CONTINUES NOW ON TO THE TOP OF PAGE 4,  
10:41AM 3 "TECHNOLOGY ADVANTAGE. MOREOVER, WE HAVE FOUND AN IDEAL  
10:41AM 4 PARTNER, THERANOS, WHICH CAN OFFER LESS INVASIVE, FASTER, AND  
10:41AM 5 COST EFFECTIVE RESULTS TO THE PATIENTS. THE THERANOS  
10:41AM 6 TECHNOLOGY ONLY REQUIRES A SMALL SAMPLE IN ORDER TO  
10:42AM 7 AUTOMATICALLY PROCESS MULTIPLE TESTS FROM A MENU OF 300 PLUS  
10:42AM 8 TESTS IN LESS THAN 4 HOURS. SAMPLES COLLECTED INCLUDE BLOOD,  
10:42AM 9 URINE, FECES, AND SPUTUM. APPROXIMATELY 120 MILLILITERS OF  
10:42AM 10 BLOOD IS COLLECTED PER FINGERSTICK, WITH APPROXIMATELY 2 BLOOD  
10:42AM 11 COLLECTIONS PER PATIENT. A DROP OF BLOOD IS 5 MILLILITERS."

10:42AM 12 MR. JHAVERI, IS THE DESCRIPTION THAT I'VE READ TO YOU JUST  
10:42AM 13 NOW CONSISTENT WITH YOUR UNDERSTANDING OF WHAT THE THERANOS  
10:42AM 14 SERVICES OFFERED AT THIS TIME?

10:42AM 15 A. YES.

10:42AM 16 Q. SO DID YOU UNDERSTAND THAT THE THERANOS TECHNOLOGY WAS  
10:42AM 17 LESS INVASIVE THAN, IN THIS PARAGRAPH IT COMPARES IT TO QUEST  
10:42AM 18 AND LABCORP?

10:42AM 19 A. YES.

10:42AM 20 Q. THAT IT WAS FASTER THAN QUEST AND LABCORP?

10:42AM 21 A. YES.

10:42AM 22 Q. THAT IT WAS COST EFFECTIVE, IT PROVIDED COST EFFECTIVE  
10:43AM 23 RESULTS TO PATIENTS?

10:43AM 24 A. YES.

10:43AM 25 Q. AND ALSO THAT THERANOS TECHNOLOGY ONLY REQUIRED A SMALL

10:43AM 1 SAMPLE IN ORDER TO AUTOMATICALLY PROCESS MULTIPLE TESTS FROM A  
10:43AM 2 MENU OF MORE THAN 300 TESTS IN LESS THAN FOUR HOURS.

10:43AM 3 IS THAT ALSO CONSISTENT WITH YOUR UNDERSTANDING?

10:43AM 4 A. YES.

10:43AM 5 Q. MR. JHAVERI, WOULD YOU NOW TURN TO EXHIBIT 1711 IN YOUR  
10:43AM 6 BINDER.

10:43AM 7 DO YOU SEE THAT DOCUMENT?

10:43AM 8 A. I DO.

10:43AM 9 Q. AND, MR. JHAVERI, YOU'VE TOLD THE JURY THAT THERE WERE  
10:43AM 10 MEETINGS WHERE YOU HAD THE OPPORTUNITY TO INTERACT WITH  
10:44AM 11 INDIVIDUALS FROM THERANOS AND TALK ABOUT HOW THE PILOT WAS  
10:44AM 12 GOING, THINGS THAT YOU CITED AS LEARNING; IS THAT RIGHT?

10:44AM 13 A. THAT'S CORRECT.

10:44AM 14 Q. HOW DID THOSE MEETINGS OCCUR? DO YOU RECALL?

10:44AM 15 A. SURE.

10:44AM 16 WE HAD WHAT WE CALLED PARTNERSHIP MEETINGS, AND SO AS WE  
10:44AM 17 WERE GOING THROUGH THE PILOT AND LAUNCHING NEW STORES, ON A  
10:44AM 18 REGULAR BASIS, USUALLY MONTHLY, BOTH TEAMS, THE THERANOS TEAM  
10:44AM 19 AND THE WALGREENS TEAM, WOULD COME TOGETHER.

10:44AM 20 IN THIS PARTICULAR CASE, MS. HAWORTH, PATTY HAWORTH, WHO  
10:44AM 21 THE EMAILS WERE FROM, WAS THE PROJECT MANAGER HELPING TO  
10:44AM 22 COORDINATE AND ENSURE THAT THE PROJECT PLAN IS BEING MET AND  
10:44AM 23 THAT ALL OF THE MINUTES WERE BEING DOCUMENTED, ALL OF THE  
10:44AM 24 PLANNING WAS BEING DOCUMENTED.

10:44AM 25 AND SO WHAT THIS ALLOWED BOTH TEAMS TO DO IS TO STAY ON

10:44AM 1 ONE PAGE, TO DRIVE WITH ONE DIRECTION, AND ALSO TO ENSURE THAT  
10:44AM 2 WE CAN DISCUSS SOME OF THE ISSUES THAT WE WERE EXPERIENCING,  
10:45AM 3 SOME OF THE LEARNINGS THAT WE WERE SEEING, AND HOW DO WE  
10:45AM 4 CORRECT THEM, HOW DO WE FIX THEM, WHAT DO WE NEED TO DO.

10:45AM 5 AND SO THAT IS THE PURPOSE OF THOSE MEETINGS.

10:45AM 6 Q. WERE SLIDES SHOWN DURING SOME OF THESE MEETINGS,  
10:45AM 7 POWERPOINT SLIDES?

10:45AM 8 A. SOME MEETINGS, YES.

10:45AM 9 Q. AND IS EXHIBIT 1711 AN EXAMPLE OF SLIDES FROM A MAY 2014  
10:45AM 10 MEETING?

10:45AM 11 A. YES, IT IS.

10:45AM 12 Q. YOU MENTIONED A NAME A MOMENT AGO, PATTY HAWORTH.

10:45AM 13 WHO IS THAT?

10:45AM 14 A. PATTY HAWORTH WAS A TEAM MANAGER AT WALGREENS. SHE WAS  
10:45AM 15 THE PROJECT MANAGER FOR THIS PARTICULAR PROJECT.

10:45AM 16 Q. AND INCLUDED ON A LIST OF RECIPIENTS OF THIS EMAIL, DO YOU  
10:45AM 17 SEE YOUR NAME?

10:45AM 18 A. I DO.

10:45AM 19 Q. DO YOU SEE MR. BALWANI'S NAME?

10:45AM 20 A. YES, SIR.

10:46AM 21 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 1711.

10:46AM 22 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.

10:46AM 23 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

10:46AM 24 (GOVERNMENT'S EXHIBIT 1711 WAS RECEIVED IN EVIDENCE.)

10:46AM 25 BY MR. SCHENK:

10:46AM 1 Q. SO LET'S SHOW THE JURY NOW THE SUBJECT LINE OF THIS  
10:46AM 2 MAY 6TH, 2014, EMAIL.

10:46AM 3 MR. JHAVERI, DO YOU SEE THAT IT'S CALLED A DIAGNOSTIC  
10:46AM 4 TESTING EXECUTIVE STEERING COMMITTEE SLIDE DECK.

10:46AM 5 DO YOU SEE THAT?

10:46AM 6 A. YES, I DO.

10:46AM 7 Q. AND WHAT IS THE EXECUTIVE STEERING COMMITTEE?

10:46AM 8 A. SO WE HAD A -- PART OF THE PROJECT IS TO CREATE NOT ONLY  
10:46AM 9 THE TEAM MEMBERS THAT ARE ACTUALLY DOING THE PROJECT, BUT ALSO  
10:46AM 10 OVERSIGHT, AND SO WE HAD A COMMITTEE THAT WAS CALLED THE  
10:46AM 11 EXECUTIVE STEERING COMMITTEE THAT WE MET WITH ON A REGULAR  
10:46AM 12 BASIS TO PROVIDE THEM WITH AN UPDATE, WHERE WE ARE, WHAT WE'RE  
10:46AM 13 DOING, AND THEN WHAT CAN THEY DO TO HELP US IN ANY TYPE OF  
10:46AM 14 ISSUES THAT MAY HAVE COME UP.

10:46AM 15 Q. THANK YOU.

10:46AM 16 AND THEN THE BODY OF THE EMAIL, DO YOU SEE MS. HAWORTH  
10:46AM 17 WRITES THAT THESE SLIDES ARE ATTACHED FOR OUR MEETING TODAY,  
10:47AM 18 WHICH IS MAY 6TH, 2014?

10:47AM 19 A. YES, SIR.

10:47AM 20 Q. AND IF NOW YOU'LL TURN TO PAGE 7 OF THIS EXHIBIT, THE VERY  
10:47AM 21 TOP BOX THAT IS A LITTLE BIT -- I'M SORRY, THE TOP BOX UNDER  
10:47AM 22 THE MIDDLE OF THIS SLIDE.

10:47AM 23 DO YOU SEE A LIST OF EXECUTIVE STEERING COMMITTEE MEMBERS?

10:47AM 24 A. YES, I DO.

10:47AM 25 Q. ARE YOU A MEMBER OF THE COMMITTEE?

10:47AM 1 A. I AM.

10:47AM 2 Q. AND WHO IS THE LONE REPRESENTATIVE FROM THERANOS?

10:47AM 3 A. MR. BALWANI.

10:47AM 4 Q. IF YOU'LL NOW TURN TO PAGE 9 OF THIS EXHIBIT, THERE'S A

10:47AM 5 SLIDE THAT IS ENTITLED CURRENT OPERATIONS METRICS.

10:47AM 6 DO YOU SEE THAT?

10:47AM 7 A. I DO.

10:47AM 8 Q. YOU'VE TALKED TO THIS JURY THIS MORNING ABOUT METRICS.

10:47AM 9 IS THIS AN EXAMPLE OF SOME OF THE METRICS THAT YOU

10:47AM 10 DESCRIBED EARLIER?

10:47AM 11 A. YES, THEY ARE. YES, THEY ARE.

10:48AM 12 Q. AND SO I'D LIKE TO GO THROUGH A FEW OF THEM WITH YOU, BUT

10:48AM 13 FIRST, WOULD YOU NOTE FOR THE JURY THE TWO COLUMNS ARE

10:48AM 14 DIFFERENT DATES.

10:48AM 15 WHAT INFORMATION IS BEING COMMUNICATED THERE?

10:48AM 16 A. WELL, THE TWO DATES REPRESENT SORT OF A MOMENT IN TIME

10:48AM 17 WHEN THE FIRST THREE STORES OPENED UP, AND THEN AT THE TIME IN

10:48AM 18 MAY, WHERE DID WE STAND IN TERMS OF THE PROJECT ITSELF.

10:48AM 19 SO AS YOU CAN SEE, THE FIRST LINE WE HAVE MOVED IN

10:48AM 20 FEBRUARY OF 2014 FROM THREE STORES TO 11 STORES ON MAY 1ST OF

10:48AM 21 2014.

10:48AM 22 Q. GREAT. SO LET'S TAKE THAT FIRST, THAT FIRST ROW, THE

10:48AM 23 NUMBER OF STORES.

10:48AM 24 IN FEBRUARY OF '14, THE NUMBER IS THREE; IS THAT RIGHT?

10:48AM 25 A. YES.

10:48AM 1 Q. SO IS THAT ONE IN PALO ALTO AND TWO IN ARIZONA?

10:48AM 2 A. YES.

10:48AM 3 Q. AND NOW WE SEE IN MAY THE NUMBER INCREASED TO 11. WHERE  
10:48AM 4 ARE THESE ADDITIONAL STORES THAT HAVE NOW OPENED, WHERE ARE  
10:49AM 5 THEY?

10:49AM 6 A. ALL OF THE ADDITIONAL STORES WERE IN THE PHOENIX, ARIZONA  
10:49AM 7 MARKET.

10:49AM 8 Q. AND WHEN YOU SAY "ALL," DO YOU MEAN IN THE ENTIRE LIFE OF  
10:49AM 9 THE THERANOS-WALGREENS RELATIONSHIP, EVERY ADDITIONAL STORE  
10:49AM 10 OUTSIDE OF THE PALO ALTO LOCATION WAS ALWAYS IN ARIZONA?

10:49AM 11 A. YES, SIR.

10:49AM 12 Q. AND IF NOW YOU'LL LOOK AT THE SECOND ROW, AVERAGE PATIENTS  
10:49AM 13 PER STORE PER DAY.

10:49AM 14 FIRST, WHAT IS THAT? WHAT DOES THAT MEAN?

10:49AM 15 A. SO WE MEASURED THE NUMBER OF PATIENTS PER STORE PER DAY  
10:49AM 16 BECAUSE IT ALLOWED US TO SEE IF WE WERE GROWING, IF THE SERVICE  
10:49AM 17 WAS BEING ACCEPTED, IF THE PHYSICIANS WERE ORDERING THE TESTS  
10:49AM 18 FOR THEIR PATIENTS.

10:49AM 19 SO, OF COURSE, THIS WAS A VERY CRITICAL MEASURE FOR US IN  
10:49AM 20 TERMS OF GROWTH.

10:49AM 21 Q. NOW, IF YOU'LL LOOK AT THE NEXT ROW.

10:49AM 22 WELL, LET'S LOOK AT THOSE NUMBERS. FIRST IT WAS .8, AND  
10:49AM 23 THEN IT INCREASES TO 3.1.

10:49AM 24 IS THAT A POSITIVE TREND? IS THAT TREND SOMETHING THAT  
10:49AM 25 WALGREENS WAS HAPPY TO SEE?



10:49AM 1 A. YES, THIS WAS A VERY POSITIVE TREND, IN TWO INSTANCES.

10:50AM 2 ONE, IT'S GROWING OVERALL PATIENTS; BUT IT'S ALSO GROWING WITH

10:50AM 3 THE NUMBER OF STORES GROWING.

10:50AM 4 SO IT IS VERY, VERY POSITIVE.

10:50AM 5 Q. THE NEXT ROW IS AVERAGE CHECK IN, AND IT LOOKS LIKE IN

10:50AM 6 FEBRUARY IT WAS 10 TO 11 MINUTES, AND BY MAY IT WAS 8 MINUTES.

10:50AM 7 WOULD YOU BRIEFLY DESCRIBE TO THE JURY WHAT THAT IS?

10:50AM 8 A. SURE. AS I MENTIONED EARLIER, WE WANTED TO MEASURE ALL OF

10:50AM 9 THE INSTANCES THAT WHEN A CUSTOMER OR A PATIENT COMES INTO A

10:50AM 10 WALGREENS STORE AND THEY ARE RECEIVING THE THERANOS SERVICE,

10:50AM 11 HOW LONG DOES IT TAKE? WE WANTED TO MAKE SURE THAT THE

10:50AM 12 EXPERIENCE WAS GOOD FOR THEM, THAT THEY WEREN'T WAITING A LONG

10:50AM 13 TIME.

10:50AM 14 AND SO THE CHECK-IN PROCESS IS WHEN YOU ACTUALLY APPROACH

10:50AM 15 THE COUNTER AND LET THE PHARMACY TECHNICIAN KNOW THAT YOU'RE

10:50AM 16 HERE FOR YOUR LABS, AND THE PROCESS OF ACTUALLY MAKING SURE

10:50AM 17 YOU'RE READY TO RECEIVE YOUR BLOOD DRAW, THAT PROCESS IS WHAT

10:50AM 18 WE MEASURED.

10:51AM 19 AND IN THIS INSTANCE FROM FEBRUARY TO MAY, THAT PROCESS

10:51AM 20 IMPROVED. THE CUSTOMER WAITED LESS, AND SO WE WERE MOVING IN

10:51AM 21 THE RIGHT DIRECTION.

10:51AM 22 Q. THANK YOU.

10:51AM 23 NOW, TWO ROWS DOWN THERE'S ONE THAT IS TITLED

10:51AM 24 VENOUS DRAWS, AND IT LOOKS LIKE THE PERCENT IN FEBRUARY WAS

10:51AM 25 43 PERCENT AND THE PERCENT IN MAY IS 39 PERCENT.

10:51AM 1 WHAT IS THIS A REFERENCE TO?

10:51AM 2 A. THE VENOUS DRAWS IS IN REFERENCE TO WHAT I DESCRIBED  
10:51AM 3 EARLIER, THAT THERE ARE TWO METHODS BY WHICH YOUR BLOOD COULD  
10:51AM 4 BE DRAWN. ONE WAS THROUGH THE FINGERSTICK, OR THE SECOND WAS  
10:51AM 5 THROUGH THE TRADITIONAL METHOD THROUGH YOUR VEINS.

10:51AM 6 AND SO WHAT WE WERE MEASURING WAS WHAT PERCENTAGE OF THE  
10:51AM 7 DRAWS WAS THROUGH THE TRADITIONAL METHOD OF VEINS VERSUS THE  
10:51AM 8 FINGERSTICK.

10:51AM 9 SO IN THIS PARTICULAR CASE, 39 PERCENT IN MAY OF THE DRAWS  
10:51AM 10 WERE NOT THE FINGERSTICK, THEY WERE THE VENOUS DRAWS.

10:51AM 11 Q. AND HOW DID YOU FEEL ABOUT THAT NUMBER? YOU TOLD ME THAT  
10:52AM 12 THE NUMBER OF PATIENTS PER STORE WAS A GOOD THING, WAS POSITIVE  
10:52AM 13 OVER THE MONTHS.

10:52AM 14 HOW DID YOU FEEL ABOUT THE VENOUS DRAW NUMBERS?

10:52AM 15 A. NOT GOOD. THIS NUMBER WAS HIGH AND, AGAIN, WHAT WE WERE  
10:52AM 16 TRYING TO GET TO WAS ZERO, THAT EVERY PATIENT THAT CAME IN  
10:52AM 17 RECEIVED A FINGERSTICK.

10:52AM 18 Q. AND DID YOU TALK TO MR. BALWANI ABOUT THAT, THE FACT THAT  
10:52AM 19 THESE NUMBERS WERE TOO HIGH?

10:52AM 20 A. YES, SIR.

10:52AM 21 Q. IF YOU'LL NOW TURN TO THE NEXT PAGE, PAGE 10, THERE'S A  
10:52AM 22 SLIDE ENTITLED VENOUS DRAWS.

10:52AM 23 DO YOU SEE THAT?

10:52AM 24 A. YES, SIR.

10:52AM 25 Q. AND I'M GOING TO ASK YOU SOME QUESTIONS ABOUT THE CONTENT,

10:52AM 1 BUT FIRST, WHERE DID THE INFORMATION THAT IS CONTAINED ON THIS  
10:52AM 2 SLIDE COME FROM?

10:52AM 3 A. THE INFORMATION ON THIS SLIDE IS FROM THE THERANOS TEAM.  
10:52AM 4 AGAIN, MR. BALWANI AND I PARTNERED ON MAKING SURE THAT THE  
10:52AM 5 INFORMATION THAT IS PROVIDED AT THE EXECUTIVE COMMITTEE, OR ANY  
10:52AM 6 OTHER COMMITTEE, THAT CERTAIN PARTS WHERE THERANOS WAS  
10:53AM 7 RESPONSIBLE FOR, THEY WOULD PROVIDE THAT INFORMATION; AND PARTS  
10:53AM 8 THAT WALGREENS WAS RESPONSIBLE FOR, WE WOULD PROVIDE THE  
10:53AM 9 INFORMATION.

10:53AM 10 SO IN THIS PARTICULAR CASE, THIS WAS PROVIDED BY  
10:53AM 11 MR. BALWANI AND HIS TEAM.

10:53AM 12 Q. SO YOU DESCRIBED DIFFERENT AREAS OF RESPONSIBILITY.  
10:53AM 13 WAS VENOUS DRAWS AND THE REASONS FOR VENOUS DRAWS, DID  
10:53AM 14 THAT FALL UNDER THE THERANOS AREA OF RESPONSIBILITY?

10:53AM 15 A. YES, IT DID.

10:53AM 16 Q. AND THE FIRST LINE OF THIS SLIDE SAYS, "ORIGINALLY  
10:53AM 17 ESTIMATED THAT BY END OF FEBRUARY 2014 WOULD BE BELOW  
10:53AM 18 20 PERCENT OF TOTAL DRAWS AND BELOW 10 PERCENT BY END OF  
10:53AM 19 AUGUST."

10:53AM 20 SO I THINK WE SAW ON THE LAST SLIDE THAT IN FEBRUARY OF  
10:53AM 21 2014, IT WAS ACTUALLY AROUND 40, 43 PERCENT; IS THAT RIGHT?

10:53AM 22 A. YES, SIR.

10:53AM 23 Q. AND NOW IF YOU'LL SPOIL IT FOR THE JURY, IN THE END OF  
10:53AM 24 AUGUST, DID IT GET DOWN TO AROUND 10 PERCENT?

10:53AM 25 A. NO, IT DID NOT.

10:53AM 1 Q. THE NEXT PART OF THE SLIDE SAYS, "CURRENT PROJECTIONS:  
10:54AM 2 "BELOW 20 PERCENT BY END OF AUGUST (90 PERCENT CONFIDENCE  
10:54AM 3 LEVEL.) "  
10:54AM 4 WHAT DID "CONFIDENCE LEVEL" MEAN?  
10:54AM 5 A. WHAT THIS SHOWS IS HOW CONFIDENT THE THERANOS TEAM WAS TO  
10:54AM 6 ACHIEVE THAT LEVEL. SO A 90 PERCENT CONFIDENCE LEVEL IS VERY  
10:54AM 7 HIGH. THAT ASSURED US THAT THEY WERE GOING TO HIT THIS NUMBER.  
10:54AM 8 AND SO THAT'S WHAT IS BEING REFLECTED HERE.  
10:54AM 9 Q. THE NEXT DASH SAYS, "BELOW 10 PERCENT BY END OF OCTOBER."  
10:54AM 10 AND IS THIS NOW GREATER THAN 95 PERCENT CONFIDENCE LEVEL?  
10:54AM 11 A. YES, SIR.  
10:54AM 12 Q. AND DID THAT COME TO PASS? WAS IT BELOW 10 PERCENT,  
10:54AM 13 VENOUS DRAWS, BY THE END OF OCTOBER?  
10:54AM 14 A. NO.  
10:54AM 15 Q. AND THE NEXT DASH IS, "BELOW 5 PERCENT BY END OF 2014."  
10:54AM 16 THAT IS, IT LOOKS LIKE 90 PERCENT CONFIDENCE LEVEL.  
10:55AM 17 DO YOU SEE THAT?  
10:55AM 18 A. YES.  
10:55AM 19 Q. AND THEN HOW ABOUT THE TRUTH OF THAT COMING TO PASS? BY  
10:55AM 20 THE END OF 2014, WERE LESS THAN 5 PERCENT OF THE BLOOD DRAWS  
10:55AM 21 FROM A VEIN?  
10:55AM 22 A. NO, IT WAS NOT.  
10:55AM 23 Q. AND THE BOTTOM PART OF THE SLIDE READS, "WHY HIGHER NUMBER  
10:55AM 24 OF VENOUS DRAWS SO FAR:"  
10:55AM 25 THE FIRST ONE, "LEARNING PROCESS AROUND ORDERING PATTERNS

10:55AM 1 FOR ARIZONA."

10:55AM 2 WHAT DOES THAT MEAN?

10:55AM 3 A. SO WHAT WE'RE DESCRIBING HERE ON THIS SLIDE ARE SOME OF  
10:55AM 4 THE REASONS THAT WERE PROVIDED TO US FROM MR. BALWANI AND HIS  
10:55AM 5 TEAM AS TO WHY THE VENOUS DRAWS WOULD BE HIGHER.

10:55AM 6 SO REMEMBER WE WERE MOVING AND EXPANDING INTO THE ARIZONA  
10:55AM 7 MARKET, AND SO WHAT THIS IS REFERENCING TO IS THERANOS WAS  
10:55AM 8 CONTINUING TO LEARN WHAT THE PHYSICIANS WERE ORDERING IN THE  
10:55AM 9 MARKETPLACE, AND THAT'S IN REFERENCE TO THAT.

10:55AM 10 Q. AND THEN THE NEXT DASH IS, "ORDERING PATTERNS ARE  
10:56AM 11 DIFFERENT THAN ANTICIPATED AND THERANOS IS ADDING NEW  
10:56AM 12 CARTRIDGES RAPIDLY TO ADDRESS THESE PATTERNS."

10:56AM 13 WAS THIS ALSO PROVIDED TO WALGREENS I THINK YOU SAID BY  
10:56AM 14 MR. BALWANI AND HIS TEAM?

10:56AM 15 A. YES.

10:56AM 16 Q. WERE THESE THE TWO REASONS THAT WERE PROVIDED FOR WHY THE  
10:56AM 17 VENOUS DRAW NUMBERS WERE AS HIGH AS THEY WERE?

10:56AM 18 A. YES, THEY WERE.

10:56AM 19 Q. IF YOU'LL NOW TURN TO PAGE 12 OF THIS SLIDE DECK.

10:56AM 20 AT THE BOTTOM BUBBLE ON THE RIGHT, THERE'S A SECTION  
10:56AM 21 CALLED MARKETING.

10:56AM 22 DO YOU SEE THAT?

10:56AM 23 A. I DO.

10:56AM 24 Q. AND IT SAYS, "EXTERNAL ADVERTISING TO GENERATE AWARENESS  
10:56AM 25 OF SERVICE AND PERCEPTION OF WALGREENS AS A HEALTH CARE

10:56AM 1 INNOVATOR."

10:56AM 2 DURING THESE EXECUTIVE MEETINGS, WAS THE TOPIC OF

10:57AM 3 MARKETING OR ADVERTISING DISCUSSED?

10:57AM 4 A. YES, IT WAS.

10:57AM 5 Q. AND WHAT WAS DISCUSSED? WAS THERE A NEED TO ADVERTISE THE  
10:57AM 6 SERVICE?

10:57AM 7 A. YES, ABSOLUTELY. IT WAS A BRAND NEW SERVICE. MOST PEOPLE  
10:57AM 8 DID NOT KNOW ABOUT IT. MOST PROVIDERS DID NOT KNOW ABOUT IT.

10:57AM 9 SO WE COLLABORATIVELY, BOTH THE THERANOS TEAM AND THE  
10:57AM 10 WALGREENS TEAM, DETERMINED CERTAIN MARKETING THINGS THAT WE  
10:57AM 11 WOULD DO, CERTAIN VEHICLES WE WOULD USE TO LET PATIENTS KNOW,  
10:57AM 12 CUSTOMERS KNOW, PROVIDERS KNOW THIS NEW SERVICE THAT'S  
10:57AM 13 AVAILABLE AT A WALGREENS STORE.

10:57AM 14 Q. AND I APPRECIATE IT MAY BE OBVIOUS, BUT WHY THE NEED TO  
10:57AM 15 ADVERTISE? WHAT IS THE GOAL?

10:57AM 16 A. IT'S REALLY FOR INFORMATION AND RAISING AWARENESS.

10:57AM 17 THE ABILITY FOR A PATIENT TO HAVE THEIR LABS DONE ON A  
10:57AM 18 FINGERSTICK THAT IS LESS INVASIVE, LESS PAINFUL, LESS COST.

10:57AM 19 I WILL TELL YOU MY OWN STORY. IF YOU TAKE BLOOD FROM ME,  
10:57AM 20 I'LL PROBABLY PASS OUT.

10:57AM 21 SO THIS WAS UNIQUE. THIS WAS, YOU KNOW, GREAT FOR HEALTH  
10:58AM 22 CARE, AND SO WE WANTED TO MAKE SURE THAT PATIENTS AND CUSTOMERS  
10:58AM 23 KNEW ABOUT THIS.

10:58AM 24 Q. AND IF YOU'LL TURN TO PAGE 13, ARE THESE SOME OF THE  
10:58AM 25 EXAMPLES OF THE ADVERTISING THAT WAS DISCUSSED?

10:58AM 1 A. YES, IT WAS.

10:58AM 2 Q. AND IS THE SIZE OF THE BLOOD DRAW, THE AMOUNT OF BLOOD

10:58AM 3 NEEDED FOR A BLOOD TEST, WAS THAT SOMETHING THAT WAS DISCUSSED

10:58AM 4 AS SUBJECT MATTER FOR ADVERTISING?

10:58AM 5 A. YES, IT WAS.

10:58AM 6 Q. WHY? WHY ADVERTISE THE SIZE OF THE BLOOD DRAW?

10:58AM 7 A. AGAIN, THERE WAS TWO MAJOR BENEFITS FOR PATIENTS. ONE IS

10:58AM 8 HOW THE BLOOD WAS DRAWN, AND HOW MUCH OF THE BLOOD WAS DRAWN.

10:58AM 9 SO IN BOTH INSTANCES THIS WAS WHAT WAS THE NEW TECHNOLOGY

10:58AM 10 IS THE ABILITY TO TAKE JUST A FEW DROPS OF BLOOD IN A

10:58AM 11 FINGERSTICK THAT WOULD ALLOW PATIENTS TO HAVE THEIR BLOOD DRAWN

10:58AM 12 THAT IS NOT PAINFUL, THAT WOULD NOT CAUSE THEM TO POTENTIALLY

10:59AM 13 PASS OUT BECAUSE TOO MUCH BLOOD WAS DRAWN.

10:59AM 14 SO THIS WAS VERY BENEFICIAL TO THEM.

10:59AM 15 Q. IF NOW YOU'LL TURN TO PAGE 15.

10:59AM 16 ON THIS SLIDE WE SEE DIAGNOSTIC TESTING TIMELINE.

10:59AM 17 DO YOU SEE THAT?

10:59AM 18 A. YES.

10:59AM 19 Q. AND WHAT I'M GOING TO ASK YOU ABOUT IS AT THE TOP THERE'S

10:59AM 20 A STAR, AND THEN YOU SEE A KEY THAT DESCRIBES WHAT THE STAR

10:59AM 21 MEANS.

10:59AM 22 DO YOU SEE THAT?

10:59AM 23 A. YES, IT DOES.

10:59AM 24 Q. AND CAN YOU READ IT? WHAT DOES THE STAR MEAN?

10:59AM 25 A. SO THE DARK STAR THAT IS IN THE FISCAL YEAR '15, I BELIEVE

10:59AM 1 THAT'S WHAT IT READS, IT'S -- THE STAR IS A DECISION TO SCALE  
10:59AM 2 BASED ON OPERATING MODEL.

10:59AM 3 Q. OKAY. SO WHAT WAS BEING COMMUNICATED HERE THROUGH THIS  
11:00AM 4 SLIDE DURING THE MEETING?

11:00AM 5 A. WHAT THIS SLIDE SHOWS IS REALLY SEVERAL THINGS: NUMBER  
11:00AM 6 ONE, THE TIMELINE OF THE PILOT AND THE EXPANSION, ONE.

11:00AM 7 TWO, THE NUMBER OF LOCATIONS AND ALL OF THE OTHER THINGS  
11:00AM 8 THAT HAVE TO BE DONE TO START TO SCALE. SO ON THE LEFT-HAND  
11:00AM 9 SIDE YOU'LL SEE TRAINING, MANAGEMENT, MARKETING, I.T.,  
11:00AM 10 DEVELOPMENT OF TECHNOLOGY.

11:00AM 11 SO WHAT WE'RE TRYING TO SHOW IS HERE ARE ALL OF THE THINGS  
11:00AM 12 THAT HAVE TO BE TRUE TO CONTINUE TO EXPAND.

11:00AM 13 AND IN THIS PARTICULAR CASE, THIS STAR THAT YOU REFERENCED  
11:00AM 14 WAS A DECISION POINT FOR US. ARE WE ABLE TO SCALE? ARE WE  
11:00AM 15 HITTING THOSE METRICS? ARE WE ACHIEVING THE SUCCESS THAT WE  
11:00AM 16 DEFINED?

11:00AM 17 AND IF THE ANSWER IS YES, GREAT, WE'LL CONTINUE TO EXPAND.

11:00AM 18 IF THE ANSWER IS NO, DON'T EXPAND, AND MAKE SURE THAT  
11:00AM 19 WE'RE CORRECTING WHAT IS NOT RIGHT.

11:00AM 20 Q. SO FROM THIS SLIDE, DID YOU TELL MR. BALWANI THAT A  
11:01AM 21 NATIONWIDE ROLLOUT OF THERANOS BLOOD TESTING SERVICES INSIDE OF  
11:01AM 22 WALGREENS STORES WAS GUARANTEED?

11:01AM 23 A. NO, WE DID NOT SAY IT WAS GUARANTEED.

11:01AM 24 WHAT WE SAID WAS THAT WE HOPED TO GET TO A NATIONWIDE  
11:01AM 25 ROLLOUT, BUT WE DID NOT GUARANTEE IT. IT'S ALL BASED ON THE



11:01AM 1 MEASURES OF THE PILOT.

11:01AM 2 Q. OKAY. AND DECISION TO SCALE BASED ON, IT SAYS OPERATING  
11:01AM 3 MODEL.

11:01AM 4 WHEN WAS THAT DECISION POINT? SORT OF WHEN IN THE  
11:01AM 5 TIMELINE?

11:01AM 6 A. ACCORDING TO THIS, IN THE FIRST QUARTER OF FISCAL '15.

11:01AM 7 Q. IF NOW YOU'LL TURN TO PAGE 17, WHICH IS THE PATH FORWARD.

11:01AM 8 UNDER OPERATIONS IMPROVEMENT, I WANT TO ASK YOU ABOUT THE  
11:01AM 9 FIRST AND THE THIRD BULLETS. FOCUS ON VENOUS DRAWS REDUCTION,  
11:01AM 10 AND ACHIEVE 15 PATIENTS PER DAY PER STORE.

11:02AM 11 WHY ARE THEY UNDER SOMETHING CALLED OPERATIONS  
11:02AM 12 IMPROVEMENT?

11:02AM 13 A. OPERATIONS IMPROVEMENT WAS A TERM TO SAY THIS IS A MODEL  
11:02AM 14 THAT WE ARE GOING AFTER. SO THESE PARTICULAR METRICS, THERE  
11:02AM 15 ARE FOUR HERE, BUT THESE PARTICULAR METRICS WERE PART OF THAT  
11:02AM 16 MODEL THAT WE WANTED TO IMPROVE ON, IN THIS CASE FURTHER  
11:02AM 17 REDUCTION OF THE NUMBER OF PATIENTS GETTING A VENOUS DRAW, AS  
11:02AM 18 WELL AS CONTINUING TO GROW THE BUSINESS.

11:02AM 19 SO I BELIEVE THAT WE WERE AT THREE PATIENTS PER DAY IN  
11:02AM 20 MAY. WE WANTED TO ACHIEVE 15 PATIENTS PER DAY PER STORE TO  
11:02AM 21 SHOW THAT MORE AND MORE PATIENTS CONTINUED TO USE IT AND WE'RE  
11:02AM 22 CONTINUING TO GROW THIS SERVICE.

11:02AM 23 Q. GREAT. IF NOW YOU'LL TURN TO EXHIBIT 1755.

11:02AM 24 MR. JHAVERI, IS 1755 ANOTHER EMAIL FROM MS. HAWORTH TO  
11:02AM 25 YOU, MR. BALWANI, AND OTHERS, IN ADVANCE OF A JUNE 2014

11:03AM 1 EXECUTIVE MEETING?

11:03AM 2 A. YES. THIS WAS THE PARTNERSHIP MEETING MINUTES FROM MAY

11:03AM 3 OF -- MAY 28TH.

11:03AM 4 Q. MEETING MINUTES FROM A MEETING THAT HAD HAPPENED IN MAY;

11:03AM 5 IS THAT RIGHT?

11:03AM 6 A. CORRECT, CORRECT.

11:03AM 7 Q. THANK YOU.

11:03AM 8 YOUR HONOR, THE GOVERNMENT OFFERS 1755.

11:03AM 9 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.

11:03AM 10 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

11:03AM 11 (GOVERNMENT'S EXHIBIT 1755 WAS RECEIVED IN EVIDENCE.)

11:03AM 12 BY MR. SCHENK:

11:03AM 13 Q. MR. JHAVERI, AGAIN, DO YOU SEE THAT BOTH YOU AND

11:03AM 14 MR. BALWANI ARE ON THE EMAIL DISTRIBUTION FOR THIS ONE?

11:03AM 15 A. YES.

11:03AM 16 Q. AND I'M GOING TO ASK YOU A QUESTION ABOUT PAGE 6 IN THIS

11:03AM 17 DOCUMENT WITHIN THE MEETING MINUTES.

11:03AM 18 THE SECOND PARAGRAPH DOWN UNDER MEETING NOTES, IT

11:03AM 19 REFERENCES SOME COMMENTS THAT YOU MADE.

11:03AM 20 DO YOU SEE THAT?

11:03AM 21 A. YES, I DO.

11:04AM 22 Q. AND IT TALKS ABOUT THINGS THAT ARE BEING LEARNED. YOU ARE

11:04AM 23 IN 21 STORES, THE PILOT ISN'T PERFECT, BUT WE ARE LEARNING SO

11:04AM 24 THAT WE CAN SCALE.

11:04AM 25 AND YOU SAY, "WE MAY NOT LIKE THEM, BUT WE ARE LEARNING."

11:04AM 1 WHAT DID YOU MEAN HERE? WHAT WERE YOU COMMUNICATING?

11:04AM 2 A. YEAH. THIS IS EXACTLY WHAT I WAS EXPLAINING EARLIER.

11:04AM 3 WITH ANY PROJECT, WE DO A PILOT TO ENSURE THAT WE ARE

11:04AM 4 LEARNING WHAT IS GOING RIGHT AND WHAT IS GOING WRONG AND WHAT

11:04AM 5 WE SHOULD BE CHANGING.

11:04AM 6 AND WHAT I AM REFERENCING IS THAT THE PURPOSE OF A PILOT

11:04AM 7 IS NOT TO BE PERFECT. THE PURPOSE OF A PILOT IS TO UNDERSTAND

11:04AM 8 WHAT IS WORKING AND NOT WORKING SO WE CAN CONTINUE TO IMPROVE

11:04AM 9 THAT PROJECT SO WHEN WE ARE READY TO LAUNCH, IT IS A MODEL THAT

11:04AM 10 HAS BEEN PERFECTED. THAT'S THE PURPOSE OF THE PILOT.

11:04AM 11 AND WHAT I WAS TRYING TO MAKE SURE THAT THE TEAMS

11:05AM 12 UNDERSTAND IS THAT WE SHOULDN'T BE UPSET THAT THE NUMBERS

11:05AM 13 AREN'T RIGHT OR THE NUMBERS AREN'T WHAT WE HOPED IT WOULD HAVE

11:05AM 14 BEEN. IT'S GOOD THAT WE ARE LEARNING, BECAUSE WHEN WE DO SCALE

11:05AM 15 AND WE'RE READY TO SCALE, WE HAVE CORRECTED THOSE ISSUES.

11:05AM 16 Q. WAS THE VENOUS DRAW PERCENT ONE OF THE THINGS THAT WAS NOT  
11:05AM 17 GOING RIGHT IN YOUR WORDS?

11:05AM 18 A. YES, THOSE NUMBERS WERE HIGH.

11:05AM 19 Q. AND WAS THAT FACT COMMUNICATED TO MR. BALWANI?

11:05AM 20 A. YES.

11:05AM 21 Q. WOULD YOU NOW TURN TO 1884, EXHIBIT 1884.

11:05AM 22 MR. JHAVERI, IS 1884 AN EMAIL FROM MS. HAWORTH AGAIN TO

11:05AM 23 MR. BALWANI AND YOU REGARDING MEETING MINUTE AND A SLIDE DECK

11:05AM 24 FROM AUGUST OF 2014?

11:06AM 25 A. YES.

11:06AM 1 MR. SCHENK: THE GOVERNMENT OFFERS 1884.

11:06AM 2 MR. COOPERSMITH: NO OBJECTION.

11:06AM 3 THE COURT: IT'S ADMITTED, AND IT MAY BE PUBLISHED.

11:06AM 4 (GOVERNMENT'S EXHIBIT 1884 WAS RECEIVED IN EVIDENCE.)

11:06AM 5 MR. SCHENK: THANK YOU.

11:06AM 6 Q. AND, MR. JHAVERI, I WANT TO DIRECT YOUR ATTENTION TO

11:06AM 7 PAGE 5 AND NUMBER 1.

11:06AM 8 SO IN AUGUST OF 2014, HOW MANY STORES HAD NOW OPENED?

11:06AM 9 A. ACCORDING TO THIS DOCUMENT, 30 STORES WERE LIVE.

11:06AM 10 Q. OKAY. AND NOW IF YOU'LL TURN TO PAGE 9, DO YOU SEE THE

11:06AM 11 SECOND DARKENED BULLET DOWN FROM THE TOP, INITIAL GOAL?

11:06AM 12 "INITIAL GOAL FOR FISCAL YEAR 15 WAS 500 STORES. NEED TO

11:06AM 13 REDEFINE THIS GOAL."

11:06AM 14 AND THEN THERE'S A CHART BELOW WHERE IT LOOKS LIKE ON THE

11:06AM 15 ROW FOR THERANOS IN 2015, IT NOW HAS 200.

11:07AM 16 DO YOU SEE THAT?

11:07AM 17 A. YES, SIR.

11:07AM 18 Q. AND WHAT WAS HAPPENING HERE? WHAT WAS BEING DISCUSSED?

11:07AM 19 A. WELL, THIS IS EXACTLY WHY WE DO A PILOT.

11:07AM 20 AS I MENTIONED EARLIER, WE'RE CONTINUING TO LEARN. NOT

11:07AM 21 EVERY METRIC IS WHERE WE WANT IT TO BE.

11:07AM 22 AT THE SAME TIME, WE WERE ALSO EVALUATING OUR ABILITY TO

11:07AM 23 SCALE, BOTH FROM A THERANOS STANDPOINT, AS WELL AS FROM A

11:07AM 24 WALGREENS STANDPOINT.

11:07AM 25 AND WHILE OUR GOAL WAS TO GO TO 500 STORES IN 2015, IT WAS

11:07AM 1 PRETTY CLEAR AT THE TIME THAT WE COULDN'T DO THAT. AND SO WE  
11:07AM 2 REEVALUATED AS A TEAM, BOTH TEAMS, AND DECIDED THAT 200 WAS THE  
11:07AM 3 APPROPRIATE NUMBER THAT WE COULD BE SUCCESSFUL IN.

11:07AM 4 SO THIS IS THE RESET OF THAT.

11:07AM 5 Q. GREAT. THANK YOU.

11:07AM 6 IF YOU WILL NOW FOR ONE MOMENT TURN BACK TO THE FIRST PAGE  
11:07AM 7 OF THIS DOCUMENT, AND REMIND THE JURY OF THE DATE OF THIS  
11:07AM 8 EMAIL.

11:07AM 9 A. THE DATE IS AUGUST 11TH, 2014.

11:08AM 10 Q. OKAY. SO ON THE 11TH OF AUGUST, YOU AND MR. BALWANI  
11:08AM 11 RECEIVED THIS EMAIL THAT INCLUDING MEETING MINUTES WHERE THE  
11:08AM 12 NUMBER OF STORES AND THE NEED TO REDUCE IT WAS DISCUSSED; IS  
11:08AM 13 THAT RIGHT?

11:08AM 14 A. YES.

11:08AM 15 Q. SO I WANT -- WOULD YOU NOW PLEASE TURN TO 1896,  
11:08AM 16 EXHIBIT 1896.

11:08AM 17 IS 1896 AN EMAIL JUST A FEW DAYS LATER FROM YOU TO  
11:08AM 18 MR. BALWANI?

11:08AM 19 A. YES, IT'S TO MR. BALWANI AS WELL AS MS. KOZLOWSKI. CASEY  
11:08AM 20 WAS ON MY TEAM LEADING THIS INITIATIVE.

11:08AM 21 Q. AND WAS THIS EMAIL ALSO ABOUT THE THERANOS-WALGREENS  
11:08AM 22 PARTNERSHIP?

11:08AM 23 A. YES.

11:08AM 24 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 1896.

11:08AM 25 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.

11:08AM 1 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

11:08AM 2 (GOVERNMENT'S EXHIBIT 1896 WAS RECEIVED IN EVIDENCE.)

11:08AM 3 BY MR. SCHENK:

11:09AM 4 Q. SO A FEW DAYS LATER, MR. JHAVERI, YOU WRITE TO MR. BALWANI

11:09AM 5 AND YOU'RE TALKING ABOUT "NEW LEADERSHIP AT OUR COMPANY."

11:09AM 6 IS "OUR COMPANY" WALGREENS?

11:09AM 7 A. YES.

11:09AM 8 Q. "AND OUR PARTNERSHIP IS ONE AT THE CORE"; IS THAT RIGHT?

11:09AM 9 IS THAT THE PARTNERSHIP WITH THERANOS?

11:09AM 10 A. THAT'S CORRECT.

11:09AM 11 Q. YOU TELL MR. BALWANI, "WE HAVE MADE UNBELIEVABLE PROGRESS

11:09AM 12 IN THE SHORT 5 MONTHS.

11:09AM 13 "HOWEVER, IT WILL BE IMPORTANT THAT WE DRIVE WITH A SINGLE

11:09AM 14 FOCUS TOGETHER. THE 2 AREAS WHICH MUST BE FOCUSSED ON ARE:

11:09AM 15 "PATIENTS PER DAY WITH A 4 PLUS EXPERIENCE.

11:09AM 16 "AND VENOUS PERCENT IN THE 10 PERCENT RANGE.

11:09AM 17 "WE NEED TO HAVE A DOCUMENTED DETAILED PLAN ON BOTH OR IT

11:09AM 18 WILL BE DIFFICULT FOR ME TO CONVINCE EXPANSION BEYOND ARIZONA."

11:09AM 19 FIRST, WHEN YOU SAY "EXPANSION BEYOND ARIZONA," DO YOU

11:10AM 20 MEAN THE 40 STORES IN ARIZONA AND 1 IN PALO ALTO?

11:10AM 21 A. THAT'S CORRECT.

11:10AM 22 Q. AND WHEN YOU WRITE THAT IT'S DIFFICULT TO CONVINCE

11:10AM 23 EXPANSION BEYOND UNLESS THESE TWO FACTORS ARE ADDRESSED, WHAT

11:10AM 24 DID YOU MEAN BY THAT? WHO ARE YOU TALKING ABOUT NEEDING TO

11:10AM 25 CONVINCE?

11:10AM 1 A. WELL, I THINK, I THINK IT'S -- WELL, IT'S ON A COUPLE OF  
11:10AM 2 DIFFERENT ANGLES.

11:10AM 3 ONE, IT'S DIFFICULT FOR ME TO JUSTIFY FURTHER EXPANDING  
11:10AM 4 WHEN WE'RE NOT HITTING SOME OF THESE KEY METRICS AND KEY  
11:10AM 5 DECISION POINTS.

11:10AM 6 AT THE SAME TIME, FOR ME TO CONVINCE THE WALGREENS  
11:10AM 7 EXECUTIVE LEADERSHIP THAT WAS PART OF THE EXECUTIVE STEERING  
11:10AM 8 COMMITTEE THAT WE DISCUSSED EARLIER, FOR ME TO SAY WE'RE GOING  
11:10AM 9 TO EXPAND, HOWEVER, WE'RE NOT HITTING THESE METRICS, IT'S A  
11:10AM 10 VERY DIFFICULT ARGUMENT FOR ME TO MAKE.

11:10AM 11 Q. OKAY. AND THE ONE METRIC IS VENOUS PERCENT IN 10 PERCENT  
11:10AM 12 RANGE, I THINK WE TALKED ABOUT THAT THIS MORNING.

11:11AM 13 LET ME ASK YOU ABOUT THE OTHER METRIC, PATIENTS PER DAY  
11:11AM 14 WITH A 4 PLUS EXPERIENCE. WHAT IS THAT REFERRING TO?

11:11AM 15 A. YEAH, SO WE CONTINUED TO ADVANCE OUR THINKING, SO NOT ONLY  
11:11AM 16 WERE WE LOOKING TO GET TO THE 15 PATIENTS PER DAY, BUT WE  
11:11AM 17 WANTED THEM TO HAVE AN UNBELIEVABLE EXPERIENCE.

11:11AM 18 SO THE THERANOS TEAM, AFTER EACH BLOOD DRAW, WOULD PROVIDE  
11:11AM 19 EACH PATIENT AN IPAD OR SOME TYPE OF A TABLET WHERE THEY WOULD  
11:11AM 20 ANSWER A COUPLE OF QUESTIONS ON HOW THEIR EXPERIENCE WENT, AND  
11:11AM 21 THAT WAS THEN TABULATED ON AN EXPERIENCE LEVEL OF 1 TO 5, 5  
11:11AM 22 BEING THE BEST, AND WHAT WE WERE ASKING FOR IS LET'S HIT THOSE  
11:11AM 23 METRICS, BUT ALSO MAKE SURE THAT OUR PATIENTS ARE SATISFIED  
11:11AM 24 WITH THE SERVICE.

11:11AM 25 SO THAT'S WHAT I'M REFERRING TO.

11:11AM 1 Q. SO THE INDIVIDUAL, THE PATIENT THAT WALKS INTO THE  
11:11AM 2 WALGREENS, ARE YOU SAYING THAT AT THE END OF THEIR EXPERIENCE  
11:11AM 3 THAT DAY AT THE WALGREENS STORE, THEY'RE ASKED TO FILL OUT A  
11:12AM 4 SURVEY?

11:12AM 5 A. NOT AT THE WALGREENS STORE. THIS IS RECEIVING THE  
11:12AM 6 THERANOS SERVICE. SO THIS IS IN REFERENCE SPECIFICALLY TO THE  
11:12AM 7 THERANOS SERVICE ITSELF.

11:12AM 8 Q. SO INSIDE WHAT I THINK WE CALLED A PSC; IS THAT RIGHT?

11:12AM 9 A. THAT'S RIGHT.

11:12AM 10 Q. SO INSIDE THE PATIENT SERVICE CENTER, A PATIENT WHO HAS  
11:12AM 11 EXPERIENCED THE THERANOS SERVICE IS ASKED TO FILL OUT A SURVEY?

11:12AM 12 A. THAT'S RIGHT.

11:12AM 13 Q. AND THEY RATE IT ON A SCALE; IS THAT CORRECT?

11:12AM 14 A. YEAH. THEY ANSWERED A FEW QUESTIONS, AND I DON'T RECALL  
11:12AM 15 EXACTLY WHAT THOSE QUESTIONS WERE, BUT IT GAVE US INSIGHT INTO  
11:12AM 16 HOW THE EXPERIENCE WENT.

11:12AM 17 Q. WHEN THE PATIENT IS FILLING OUT THAT SURVEY, HAS THE  
11:12AM 18 PATIENT RECEIVED THEIR LAB RESULT YET? DO YOU KNOW?

11:12AM 19 MR. COOPERSMITH: OBJECTION. FOUNDATION.

11:12AM 20 THE COURT: I THINK HE ASKED "IF YOU KNOW."  
11:12AM 21 DO YOU WANT HIM TO ASK THAT QUESTION AGAIN?

11:12AM 22 THE WITNESS: YES, PLEASE.

11:12AM 23 THE COURT: GO AHEAD.

11:12AM 24 BY MR. SCHENK:

11:12AM 25 Q. THE SCORES THAT PATIENTS WERE GIVEN, DO YOU KNOW WHETHER,



11:12AM 1 BY THE TIME THE PATIENT IS FILLING OUT THE SURVEY, DO YOU KNOW  
11:12AM 2 WHETHER THEY HAVE ALREADY RECEIVED THEIR LAB RESULT?  
11:12AM 3 A. NO. THIS IS AT THE COMPLETION OF THE BLOOD DRAW.  
11:13AM 4 Q. I SEE.  
11:13AM 5 SO THE PATIENT IS GIVING A SCORE THAT DOES NOT INCLUDE  
11:13AM 6 ANYTHING ABOUT THE RESULT; IS THAT RIGHT? THEY DON'T HAVE THE  
11:13AM 7 RESULT YET, SO THAT'S NOT --  
11:13AM 8 A. THAT'S MY UNDERSTANDING, YES.  
11:13AM 9 Q. I'M SORRY. SO THIS EMAIL THAT YOU SENT TO MR. BALWANI,  
11:13AM 10 DID THIS GENERATE A CONVERSATION BETWEEN YOU AND MR. BALWANI?  
11:13AM 11 A. IT DID.  
11:13AM 12 Q. AND IF YOU'LL TURN TO 1909.  
11:13AM 13 IS 1909 TWO EMAILS, ONE FROM YOU TO MR. BALWANI, AND THEN  
11:13AM 14 A RESPONSE FROM MR. BALWANI, BOTH ON AUGUST 21ST, 2014?  
11:13AM 15 A. YES.  
11:13AM 16 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 1909.  
11:13AM 17 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.  
11:13AM 18 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.  
11:13AM 19 (GOVERNMENT'S EXHIBIT 1909 WAS RECEIVED IN EVIDENCE.)  
11:13AM 20 BY MR. SCHENK:  
11:13AM 21 Q. AND IT LOOKS LIKE AT THE BOTTOM THAT YOU TELL MR. BALWANI  
11:13AM 22 THAT THERE ARE SOME ITEMS THAT WE NEED TO DISCUSS. THE SECOND  
11:14AM 23 BULLET FROM THE BOTTOM IS VENOUS DRAW PERCENT PROGRESS.  
11:14AM 24 DO YOU SEE THAT?  
11:14AM 25 A. YES.

11:14AM 1 Q. AND THEN MR. BALWANI RESPONDS TO YOU THE SAME DAY, HIS  
11:14AM 2 BOTTOM BULLET, "DISCUSS FURTHER YOUR COMMENT ABOUT HAVING TO  
11:14AM 3 CONVINCE THE NEW MANAGEMENT FOR EXPANSION BEYOND 40 STORES."

11:14AM 4 FIRST, YOU REFERENCED IT IN THE EMAIL WE LOOKED AT ONE  
11:14AM 5 EXHIBIT AGO. WHAT IS THIS DISCUSSION OF NEW MANAGEMENT?

11:14AM 6 A. WE WERE -- WE HAD NOT COMPLETED A MERGER OF WALGREENS AND  
11:14AM 7 WHAT -- AND BOOTS ALLIANCE AT THE TIME.

11:14AM 8 WE HAD SOME NEW LEADERSHIP THAT WAS STARTING TO COME INTO  
11:14AM 9 ROLE, AND SO AS THIS NEW MANAGEMENT BECAME FAMILIAR WITH THE  
11:14AM 10 PROJECT, WE WANTED TO MAKE SURE THAT THE NEW MANAGEMENT ALSO  
11:14AM 11 AGREED UPON THE DIRECTION AND WHAT WE WERE TRYING TO DO.

11:14AM 12 AND SO WHAT I'M REFERENCING IS THAT NEW MANAGEMENT, THAT  
11:14AM 13 NEW LEADERSHIP TO ENSURE THAT THEY ARE ON BOARD WITH WHAT WE'RE  
11:14AM 14 TRYING TO DO HERE.

11:14AM 15 Q. AND DID YOU SAY THAT THE COMPANY WAS CALLED BOOTS  
11:14AM 16 ALLIANCE? WAS THAT THE NAME?

11:15AM 17 A. THAT'S RIGHT.

11:15AM 18 Q. AND IN THIS, IN THIS EMAIL, MR. BALWANI SAYS THAT HE WANTS  
11:15AM 19 TO DISCUSS FURTHER.

11:15AM 20 DID THAT HAPPEN? DID YOU HAVE AN EITHER AN IN-PERSON  
11:15AM 21 MEETING OR A PHONE CALL WITH MR. BALWANI?

11:15AM 22 A. YEAH, MR. BALWANI AND I HAD REGULAR DISCUSSIONS, WHETHER  
11:15AM 23 IT WAS MONTHLY OR WEEKLY, OR WHENEVER WE NEEDED TO. AND SO  
11:15AM 24 EITHER HE WOULD SEND ME A FEW TOPICS OR I WOULD SEND HIM A FEW  
11:15AM 25 TOPICS, AND WE WOULD HAVE THAT DISCUSSION OVER THE PHONE.

11:15AM 1 IF WE HAPPENED TO BE IN PERSON, THEN WE WOULD DO THAT AS  
11:15AM 2 WELL. BUT IT WAS MAINLY OVER THE PHONE.

11:15AM 3 Q. AND DO YOU HAVE A SPECIFIC RECOLLECTION ABOUT WHETHER THIS  
11:15AM 4 PARTICULAR DISCUSSION HAPPENED, THAT IS, DID YOU HAVE A  
11:15AM 5 CONVERSATION OVER THE PHONE WITH MR. BALWANI AFTER THIS  
11:15AM 6 AUGUST 21ST, 2014, EMAIL EXCHANGE WHERE YOU DISCUSSED THE NEED  
11:15AM 7 TO IMPROVE THE VENOUS NUMBERS?

11:15AM 8 A. YES.

11:15AM 9 Q. AND DURING THAT CONVERSATION, DID MR. BALWANI GIVE YOU ANY  
11:15AM 10 NEW EXPLANATIONS FOR WHY THE VENOUS DRAW NUMBERS WERE WHAT THEY  
11:16AM 11 WERE? YOU'VE TOLD US ABOUT A FEW, ORDERING PATTERNS,  
11:16AM 12 CONFIGURING CARTRIDGES.

11:16AM 13 IN THIS CONVERSATION THAT YOU SAY YOU HAVE A MEMORY OF,  
11:16AM 14 DID YOU GET ANY NEW EXPLANATIONS?

11:16AM 15 A. I DON'T RECALL ANYTHING NEW. I THINK IT WAS PRIMARILY THE  
11:16AM 16 SAME ISSUES THAT THEY WERE -- THEY HAD TOLD ME IN THE PAST.

11:16AM 17 Q. DID MR. BALWANI EXPRESS TO YOU ANY CONFIDENCE ABOUT  
11:16AM 18 WHETHER THERANOS WOULD BE ABLE TO REDUCE THESE VENOUS DRAW  
11:16AM 19 NUMBERS?

11:16AM 20 A. YEAH. MR. BALWANI, WHENEVER HE AND I SPOKE REGARDING  
11:16AM 21 VENOUS DRAWS, HE WAS ALSO VERY CONFIDENT THAT THEY WOULD BE  
11:16AM 22 ABLE TO REDUCE THOSE NUMBERS OVER TIME.

11:16AM 23 Q. OKAY. NOW LET'S LOOK AT 2214, EXHIBIT 2214. IT SHOULD BE  
11:16AM 24 THE NEXT ONE IN YOUR BINDER.

11:16AM 25 MR. JHAVERI, IS THIS ANOTHER EMAIL FROM MS. HAWORTH TO A

11:16AM 1 GROUP OF INDIVIDUALS, INCLUDING YOU AND MR. BALWANI, FROM A  
11:16AM 2 NOVEMBER 2014 EXECUTIVE MEETING?

11:16AM 3 A. YES, IT IS.

11:17AM 4 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 2214.

11:17AM 5 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.

11:17AM 6 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

11:17AM 7 (GOVERNMENT'S EXHIBIT 2214 WAS RECEIVED IN EVIDENCE.)

11:17AM 8 BY MR. SCHENK:

11:17AM 9 Q. AND I'D LIKE TO DIRECT YOUR ATTENTION TO THE SLIDE ON  
11:17AM 10 PAGE 6.

11:17AM 11 DO YOU SEE THAT?

11:17AM 12 A. YES, I DO.

11:17AM 13 Q. THAT'S A DIFFERENT EXHIBIT NUMBER.

11:17AM 14 MAY I JUST HAVE ONE MOMENT?

11:17AM 15 THE COURT: YES.

11:17AM 16 MR. SCHENK: THANK YOU.

11:17AM 17 (DISCUSSION AMONGST GOVERNMENT COUNSEL OFF THE RECORD.)

11:17AM 18 MR. SCHENK: YOUR HONOR, MAY I USE THE ELMO JUST FOR  
11:18AM 19 THIS EXHIBIT?

11:18AM 20 THE COURT: YES.

11:18AM 21 MR. SCHENK: THANK YOU.

11:18AM 22 (PAUSE IN PROCEEDINGS.)

11:18AM 23 BY MR. SCHENK:

11:18AM 24 Q. MR. JHAVERI, CAN YOU SEE THE SCREEN OKAY?

11:18AM 25 A. YES, I CAN.

11:18AM 1 Q. I'M SHOWING YOU PAGE 6 OF EXHIBIT 2214, AND IT'S ENTITLED  
11:18AM 2 CURRENT STATUS.

11:18AM 3 THERE ARE SOME NAMES. FIRST, TRACY AND KIMBERLY, DO THOSE  
11:18AM 4 NAMES MEAN ANYTHING TO YOU?

11:18AM 5 A. YES, TRACY AND KIMBERLY WERE TEAM MEMBERS AT THERANOS.

11:18AM 6 Q. OKAY. AND JUST AS A REMINDER, WE'RE IN NOVEMBER OF 2014.  
11:18AM 7 IT LOOKS LIKE THERE ARE NOW 41 STORES CURRENTLY LIVE; IS THAT  
11:19AM 8 RIGHT?

11:19AM 9 A. THAT'S CORRECT.

11:19AM 10 Q. WERE THERE EVER ANY MORE STORES, OR WAS THIS AS MANY AS  
11:19AM 11 THE PROJECT EVER OPENED?

11:19AM 12 A. YEAH, THIS WAS THE MAXIMUM.

11:19AM 13 Q. THE SECOND BULLET SAYS, "VENOUS DRAWS PERFORMED DURING  
11:19AM 14 40 PERCENT OF VISITS IN 2014 YEAR TO DATE."

11:19AM 15 IS THAT RIGHT?

11:19AM 16 A. YES, ACCORDING TO THIS DOCUMENT.

11:19AM 17 Q. EARLIER IN YOUR TESTIMONY, WE LOOKED AT WHAT THOSE NUMBERS  
11:19AM 18 WERE IN FEBRUARY OF 2014 AND MAY OF 2014.

11:19AM 19 DO YOU RECALL THAT?

11:19AM 20 A. YES.

11:19AM 21 Q. DID THE TREND, THAT IS, THE NUMBER OF VENOUS DRAWS, STAY  
11:19AM 22 RELATIVELY CONSISTENT THROUGH ALL OF 2014?

11:19AM 23 A. YES.

11:19AM 24 Q. A MOMENT AGO YOU TOLD ME THAT THE EMAIL EXCHANGE BETWEEN  
11:19AM 25 YOU AND MR. BALWANI LED TO A PHONE CALL WHEN YOU SAID THAT YOU

11:19AM 1 WOULD NEED TO CONVINCE MANAGEMENT TO HAVE FURTHER EXPANSION AND  
11:19AM 2 SOME OF THE THINGS THAT NEED TO BE ADDRESSED WERE VENOUS DRAWS.  
11:19AM 3 DO YOU REMEMBER WHEN YOU AND I TALKED ABOUT THAT?  
11:19AM 4 A. YES.  
11:19AM 5 Q. AND I THINK YOU SAID THAT MR. BALWANI TOLD YOU AND  
11:19AM 6 EXPRESSED CONFIDENCE THAT THERANOS WOULD BE ABLE TO ADDRESS THE  
11:20AM 7 VENOUS DRAW NUMBERS; IS THAT CORRECT?  
11:20AM 8 A. THAT'S CORRECT.  
11:20AM 9 Q. IN FACT, DID THERANOS EVER ADDRESS THE VENOUS DRAW  
11:20AM 10 NUMBERS?  
11:20AM 11 A. THE NUMBER NEVER DECLINED.  
11:20AM 12 Q. I'M SORRY. THE NUMBER?  
11:20AM 13 A. NEVER DECLINED.  
11:20AM 14 Q. IF YOU COULD NOW GO TO EXHIBIT 2275, AND IF WE CAN SWITCH  
11:20AM 15 BACK.  
11:20AM 16 MR. JHAVERI, IS EXHIBIT 2275 AN EMAIL FROM YOU TO  
11:20AM 17 MR. BALWANI NOW IN DECEMBER OF 2014?  
11:20AM 18 A. YES, SIR.  
11:20AM 19 MR. SCHENK: YOUR HONOR, THE GOVERNMENT OFFERS 2275.  
11:20AM 20 MR. COOPERSMITH: NO OBJECTION, YOUR HONOR.  
11:21AM 21 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.  
11:21AM 22 (GOVERNMENT'S EXHIBIT 2275 WAS RECEIVED IN EVIDENCE.)  
11:21AM 23 BY MR. SCHENK:  
11:21AM 24 Q. IT LOOKS LIKE THE SUBJECT IS CONTRACT AND OTHER TOPICS.  
11:21AM 25 AND NUMBER 4 READS, "HOW LONG WILL WE HAVE PHLEBOTOMISTS

11:21AM 1 IN ARIZONA? WHAT IS ACCEPTABLE PERCENT OF VENOUS DRAWS TO  
11:21AM 2 DEPLOY HUB AND SPOKE MODEL?"

11:21AM 3 DO YOU SEE THAT?

11:21AM 4 A. YES, I DO.

11:21AM 5 Q. WHAT IS THAT A REFERENCE TO? WHAT ARE YOU COMMUNICATING  
11:21AM 6 TO MR. BALWANI?

11:21AM 7 A. YES. SO WHAT WE ARE TRYING TO PLAN FOR, IF YOU REMEMBER  
11:21AM 8 EARLIER, I HAD EXPLAINED THAT A VENOUS DRAW REQUIRES A  
11:21AM 9 PHLEBOTOMIST TO DO, THAT A PHARMACY TECHNICIAN THAT IS NOT A  
11:21AM 10 LICENSED PHLEBOTOMIST CANNOT DO A VENOUS DRAW, THEY CAN ONLY DO  
11:21AM 11 A FINGERSTICK.

11:21AM 12 AND SO WE KNEW THAT THE PERCENTAGE OF PATIENTS WERE  
11:21AM 13 GETTING A VENOUS DRAW, AND WE NEEDED TO PUT PHLEBOTOMISTS IN  
11:21AM 14 THESE STORES.

11:21AM 15 HOWEVER, PHLEBOTOMISTS ARE EXPENSIVE. SO WHAT WE ARE  
11:22AM 16 TRYING TO DO IS TO CREATE SOMETHING CALLED A HUB AND SPOKE  
11:22AM 17 MODEL WHERE CERTAIN STORES WOULD HAVE A PHLEBOTOMIST IN THAT  
11:22AM 18 STORE, AND THE OTHER STORES WOULD HAVE ONLY A PHARMACY  
11:22AM 19 TECHNICIAN FOR A FINGERSTICK.

11:22AM 20 SO IF YOU WALKED INTO A STORE AND YOUR LAB REQUIRED YOU TO  
11:22AM 21 RECEIVE A VENOUS DRAW, WE WOULD THEN REFER YOU TO THAT HUB  
11:22AM 22 LOCATION, THAT MAIN LOCATION WHERE THERE WOULD BE A  
11:22AM 23 PHLEBOTOMIST.

11:22AM 24 THIS WOULD REDUCE THE COST STRUCTURE OF THE ENTIRE  
11:22AM 25 PROJECT. IT WOULD ALLOW US TO PUT PHLEBOTOMISTS IN CERTAIN

11:22AM 1 LOCATIONS, BECAUSE HIRING A PHLEBOTOMIST WAS ALSO DIFFICULT.

11:22AM 2 SO THAT'S WHAT I'M REFERRING TO IN TERMS OF THE HUB AND  
11:22AM 3 SPOKE MODEL AND WHAT THE PHLEBOTOMISTS ARE.

11:22AM 4 AND THEN THE SECOND PART OF THE QUESTION IS WHETHER IT'S  
11:22AM 5 AN ACCEPTABLE VENOUS DRAW IS, WHAT STORES DO BECOME HUBS AND  
11:22AM 6 SPOKES BASED ON THAT PERCENTAGE OF VENOUS DRAW?

11:22AM 7 SO WE WERE TRYING TO DETERMINE WHAT THE PLAN WOULD BE.

11:23AM 8 Q. WAS THERE EVER A TIME WHEN THE VENOUS DRAW NUMBERS EVEN  
11:23AM 9 GOT TO THAT ACCEPTABLE NUMBER, THAT IS, WHERE YOU COULD THEN  
11:23AM 10 DIRECT PATIENTS TO THE LOCATION THAT HAS A PHLEBOTOMIST, BUT  
11:23AM 11 KEEP PHLEBOTOMISTS OUT OF ALL 40 STORES?

11:23AM 12 A. NO. WE MAINTAINED PHLEBOTOMISTS IN ALL 40 STORES AND  
11:23AM 13 MAINTAINED THEM SIMPLY BECAUSE THE VENOUS DRAW WAS HIGH ENOUGH.

11:23AM 14 Q. SO YOU AND I HAVE NOW WALKED THROUGH 2014 TOGETHER.

11:23AM 15 LET'S MOVE INTO THE YEAR 2015. DID THE VENOUS DRAW  
11:23AM 16 NUMBERS CHANGE NOW THAT WE'RE IN 2015, OR DID THEY REMAIN  
11:23AM 17 CONSTANT SO THAT YOU WERE NEVER ABLE TO ADOPT WHAT YOU HAVE  
11:23AM 18 DESCRIBED AS THE HUB AND SPOKE MODEL?

11:23AM 19 A. YEAH, NO. THE VENOUS DRAW REMAINED PRETTY CONSTANT RIGHT  
11:24AM 20 THROUGH. WE HAD, AS YOU SAW BETWEEN THE FEBRUARY AND THE MAY  
11:24AM 21 NUMBERS, SOME FLUCTUATION.

11:24AM 22 BUT IN ITS ENTIRETY, IT REMAINED AROUND THAT 40 PERCENT  
11:24AM 23 MARK.

11:24AM 24 Q. IN OCTOBER OF 2015, DO YOU REMEMBER THERE BEING AN ARTICLE  
11:24AM 25 IN "THE WALL STREET JOURNAL" ABOUT THERANOS?



11:24AM 1

A. YES.

11:24AM 2

Q. AND, GENERALLY SPEAKING, WAS THE ARTICLE NEGATIVE ABOUT  
THERANOS?

11:24AM 3

11:24AM 4

A. IT WAS.

11:24AM 5

Q. DID YOUR ROLE OR RESPONSIBILITY IN THE THERANOS-WALGREENS  
RELATIONSHIP, DID IT CHANGE AFTER THAT ARTICLE?

11:24AM 6

11:24AM 7

A. IT DID.

11:24AM 8

Q. HOW DID YOUR ROLE CHANGE?

11:24AM 9

A. WELL, UP UNTIL THIS POINT MY TEAM AND I WERE IN CHARGE OF  
THE ACTUAL EXECUTION OF THE OPERATIONS WITHIN WALGREENS STORES,  
AND WHEN THIS ARTICLE CAME OUT, WE HAD NOT BEEN EXPANDING UP  
UNTIL THAT POINT AND WE WERE STILL AT 41 STORES, BUT THIS  
ARTICLE THAT CAME OUT HIGHLIGHTED SOME ISSUES THAT WE WERE  
UNAWARE OF.

11:24AM 10

11:24AM 11

11:24AM 12

11:24AM 13

11:24AM 14

11:25AM 15

AND SO MY ROLE SHIFTED FROM REALLY A RELATIONSHIP, MAKING  
SURE THAT THE RIGHT PARTIES WERE COMING TOGETHER AND MOST OF  
THE WORK WAS PRIMARILY DONE BY OUR CHIEF MEDICAL OFFICER AND  
OUR CHIEF COUNSEL.

11:25AM 16

11:25AM 17

11:25AM 18

11:25AM 19

Q. WAS THERE A POINT IN TIME WHEN WALGREENS STOPPED OFFERING  
THERANOS BLOOD TESTING SERVICES INSIDE OF ITS STORES?

11:25AM 20

11:25AM 21

A. YES.

11:25AM 22

Q. DO YOU REMEMBER WHEN THAT WAS?

11:25AM 23

A. IT WAS IN JUNE OF 2016 WHEN ALL OF THE OPERATION WAS  
COMPLETELY STOPPED.

11:25AM 24

11:25AM 25

EARLIER THAT YEAR, IN I BELIEVE JANUARY, WE TURNED OFF THE

11:25AM 1 PALO ALTO STORE AND ONLY KEPT THE 40 STORES IN ARIZONA ON UNTIL  
11:25AM 2 JUNE, AT WHICH POINT ALL OF THE STORES WERE SHUT DOWN.

11:25AM 3 Q. SO DO I HAVE IT RIGHT, THE ARTICLE IS IN OCTOBER OF 2015,  
11:25AM 4 AND THEN YOU SAID IN JANUARY OF THE NEXT YEAR, JANUARY OF '16,  
11:25AM 5 THE PALO ALTO LOCATION CLOSED, THE THERANOS SERVICES INSIDE OF  
11:26AM 6 THE PALO ALTO LOCATION CLOSED IN JANUARY?

11:26AM 7 A. THAT'S RIGHT.

11:26AM 8 Q. AND THEN A FEW MONTHS LATER, IN JUNE OF '16, THE THERANOS  
11:26AM 9 LOCATIONS IN THE 40 ARIZONA STORES CLOSED; IS THAT RIGHT?

11:26AM 10 A. CORRECT.

11:26AM 11 Q. THANK YOU.

11:26AM 12 NOW, IF YOU WILL TURN IN YOUR BINDER TO EXHIBIT 5387H.  
11:26AM 13 YOUR HONOR, 5387H HAS BEEN PREVIOUSLY ADMITTED.  
11:26AM 14 PERMISSION TO PUBLISH A FEW PAGES FROM IT?

11:26AM 15 THE COURT: YES.

11:26AM 16 MR. SCHENK: THANK YOU.

11:26AM 17 Q. I'D LIKE TO START WITH PAGE 25.

11:26AM 18 AND, MR. JHAVERI, THERE ARE A GROUP OF PAGE NUMBERS ON  
11:26AM 19 THIS DOCUMENT. JUST TO BE CLEAR, AT THE BOTTOM, SEEN IN SMALL  
11:26AM 20 TYPE, IT SAYS TRIAL EXHIBIT 5378H, AND THEN PAGE NUMBER.

11:26AM 21 DO YOU SEE THAT?

11:26AM 22 A. I DO.

11:26AM 23 Q. SO THOSE WILL BE THE PAGE NUMBERS THAT I'M REFERRING TO  
11:26AM 24 WHEN YOU AND I ARE TALKING TODAY, IF THAT'S OKAY?

11:26AM 25 A. YES.

11:26AM 1 Q. FIRST I WANT TO START AT THE VERY TOP WHERE THE DIFFERENT  
11:26AM 2 CATEGORIES ARE ACTUALLY TITLED, THE VERY TOP OF THE DOCUMENT,  
11:27AM 3 JUST TO GIVE A SENSE OF THE CONTENT OF THE CATEGORY.  
11:27AM 4 DO YOU SEE THAT?  
11:27AM 5 A. I DO.  
11:27AM 6 Q. SO LET'S START WITH THE THIRD ONE IN. THE THIRD ONE SAYS,  
11:27AM 7 MESSAGE SENT DATE/TIME.  
11:27AM 8 DO YOU SEE THAT?  
11:27AM 9 A. YES.  
11:27AM 10 Q. AND THEN THE NEXT IS THE MESSAGE OR MESSAGE CONTENT.  
11:27AM 11 DO YOU SEE THAT?  
11:27AM 12 A. YES.  
11:27AM 13 Q. AND THEN THE NEXT TWO ARE FIRST SENDER/AUTHOR, AND THEN  
11:27AM 14 RECIPIENT.  
11:27AM 15 DO YOU SEE THAT?  
11:27AM 16 A. YES.  
11:27AM 17 Q. AND SO THE FIRST COLUMN CONTAINS THE SENDER OF THE  
11:27AM 18 MESSAGE, AND THEN THE SECOND COLUMN IS THE RECIPIENT OF THE  
11:27AM 19 MESSAGE; IS THAT RIGHT?  
11:27AM 20 A. YES.  
11:27AM 21 Q. LET'S GO THROUGH SOME OF THESE.  
11:27AM 22 IF WE CAN NOW BLOW UP JUST THE TOP HALF OF THE CONTENT OF  
11:27AM 23 THESE MESSAGES.  
11:27AM 24 GREAT. THANK YOU.  
11:27AM 25 AND IN THIS SECTION, DO YOU SEE WHERE MR. BALWANI IS

11:27AM 1 WRITING TO MS. HOLMES, AND THIS ONE IS ON NOVEMBER 19TH, 2014.

11:27AM 2 MR. JHAVERI, YOU AND I WERE LOOKING AT SOME MEETINGS,

11:28AM 3 MEETING MINUTES FROM MEETINGS AROUND THAT TIME; IS THAT RIGHT?

11:28AM 4 FROM AROUND NOVEMBER OF 2014?

11:28AM 5 A. YES.

11:28AM 6 Q. AND MR. BALWANI WRITES, "NEED TO FOCUS ON OPS. GETTING

11:28AM 7 HURT IN MARKET.

11:28AM 8 "CUSTOMER SERVICE SEEMS TO BE TERRIBLE. EVERYONE

11:28AM 9 COMPLAINING."

11:28AM 10 DO YOU SEE THAT?

11:28AM 11 A. YES.

11:28AM 12 Q. AND THEN IF WE COULD ZOOM OUT AND NOW CAPTURE THE BOTTOM

11:28AM 13 HALF OF THE CONTENT.

11:28AM 14 DO YOU SEE ABOUT FIVE MESSAGES DOWN ON THE SCREEN

11:28AM 15 MR. BALWANI WRITES, "WE NEED THE LAB AND CALL CENTER FIXED.."

11:28AM 16 ALSO NOVEMBER 19TH, 2014.

11:28AM 17 DO YOU SEE THAT?

11:28AM 18 A. YES.

11:28AM 19 Q. AND IF YOU'LL TURN WITH ME TO PAGE 26 OF THESE TEXT

11:28AM 20 MESSAGES. LET'S DO THE SAME THING. LET'S JUST TAKE THE TOP

11:28AM 21 HALF FIRST.

11:28AM 22 MR. JHAVERI, DO YOU SEE THREE MESSAGES DOWN MR. BALWANI --

11:29AM 23 WE'RE STILL ON NOVEMBER 19TH -- MR. BALWANI WRITES TO

11:29AM 24 MS. HOLMES, "FUNDAMENTALLY WE NEED TO STOP FIGHTING FIRES BY

11:29AM 25 NOT CREATING THEM."

11:29AM 1 DO YOU SEE THAT?

11:29AM 2 A. YES, I DO.

11:29AM 3 Q. AND NOW IF WE CAN ZOOM OUT AND CAPTURE THE BOTTOM HALF OF  
11:29AM 4 THE CONTENT.

11:29AM 5 I'M LOOKING NOW AT THE THIRD MESSAGE DOWN ON YOUR SCREEN,  
11:29AM 6 AND DO YOU SEE WHERE MR. BALWANI WRITES TO MS. HOLMES, "WE  
11:29AM 7 CAN'T SCALE WITH WAG.

11:29AM 8 "THEY ARE TERRIBLE AND WE NEED SWY AND CVS."

11:29AM 9 DO YOU SEE THAT?

11:29AM 10 A. YES.

11:29AM 11 Q. AND DOES THE ABBREVIATION WAG MEAN SOMETHING TO YOU?

11:29AM 12 A. YES. IT'S A REFERENCE TO WALGREENS.

11:29AM 13 Q. AND THEN A HANDFUL OF MESSAGES DOWN IT SAYS, "THEY TOLD  
11:29AM 14 OUR TEAM IN WAG MEETING THAT THEY DON'T INTEND TO OPEN MORE  
11:29AM 15 PSC'S UNTIL JULY BECAUSE WE MISSED THEIR I.T. INTEGRATION  
11:30AM 16 DEADLINE."

11:30AM 17 MS. HOLMES RESPONDS, "WOW."

11:30AM 18 AND THEN MR. BALWANI WRITES, "WHICH IS GOOD BECAUSE WE CAN  
11:30AM 19 FOCUS ON SWY AND CVS."

11:30AM 20 DO YOU SEE THAT?

11:30AM 21 A. YES, I DO.

11:30AM 22 Q. IN THIS TIME IN NOVEMBER OF 2014, WERE YOU STILL WORKING  
11:30AM 23 TO TRY TO MAKE THE PILOT A SUCCESS?

11:30AM 24 A. YES.

11:30AM 25 Q. MR. JHAVERI, WOULD YOU NOW TURN TO THE NEXT PAGE, PAGE 27,

11:30AM 1 AND CAPTURE THESE.

11:30AM 2 DO YOU SEE WHERE MR. BALWANI WRITES TO MS. HOLMES, "NEED

11:30AM 3 CTN FIXED. OUR ROOT CAUSE OF ISSUES."

11:30AM 4 DO YOU SEE THAT?

11:30AM 5 A. YES.

11:30AM 6 Q. DID YOU BECOME FAMILIAR WITH A PIECE OF THERANOS

11:30AM 7 TECHNOLOGY THAT WAS CALLED A CTN? DOES THAT MEAN SOMETHING TO

11:30AM 8 YOU?

11:30AM 9 A. IT COULD. I DON'T RECALL.

11:30AM 10 Q. YOU DON'T RECALL. OKAY.

11:30AM 11 IF YOU'LL NOW TURN TO PAGE 42 OF THIS EXHIBIT. IF WE CAN

11:31AM 12 CAPTURE THOSE BOTTOM MESSAGES.

11:31AM 13 WE'VE NOW MOVED INTO APRIL OF 2015.

11:31AM 14 DO YOU SEE WHERE MR. BALWANI WRITES, "GOING THRU CVS

11:31AM 15 CONTRACT. WE CAN'T WORK WITH WAG OR CVS. BOTH ARE SAME.

11:31AM 16 "AND SWY."

11:31AM 17 AND THEN DO YOU SEE WHERE MS. HOLMES RESPONDS, "CAN'T

11:31AM 18 FORGET THAT"?

11:31AM 19 A. YES.

11:31AM 20 Q. WOULD YOU NOW TURN TO PAGE 43.

11:31AM 21 ON PAGE 43 WE'RE STILL IN APRIL OF 2015.

11:31AM 22 DO YOU SEE WHERE MR. BALWANI WRITES, "IF CONTRACT TERMS

11:31AM 23 AND WE DON'T HAVE 1,000 STORES. WHAT HAPPENS TO 50M REMAINING

11:32AM 24 INNOVATION PAYMENT."

11:32AM 25 MR. JHAVERI, DO YOU REMEMBER EARLIER IN YOUR TESTIMONY

11:32AM 1 WHERE WE LOOKED AT SOME DOCUMENTS INVOLVING AN INNOVATION  
11:32AM 2 PAYMENT?  
11:32AM 3 A. YES, I DO.  
11:32AM 4 Q. WAS THAT MONEY THAT WALGREENS WAS GOING TO PAY TO  
11:32AM 5 THERANOS?  
11:32AM 6 A. YES.  
11:32AM 7 Q. DO YOU SEE WHERE MS. HOLMES RESPONDS "DEPENDS ON WHY TERM.  
11:32AM 8 "SCALE NOW IF NEED."  
11:32AM 9 DO YOU SEE THAT?  
11:32AM 10 A. YES.  
11:32AM 11 Q. AND THEN MR. BALWANI RESPONDS, "SO FORCE BUILD 1,000  
11:32AM 12 STORES? I DON'T THINK THAT'S INTELLIGENT."  
11:32AM 13 DO YOU SEE THAT?  
11:32AM 14 A. YES.  
11:32AM 15 Q. IF YOU'LL NOW TURN TO THE NEXT PAGE, PAGE 44.  
11:32AM 16 ALSO ON APRIL 9TH, THE BOTTOM SET OF MESSAGES.  
11:32AM 17 IN THIS GROUP, DO YOU SEE MR. BALWANI WRITING, "GOING INTO  
11:32AM 18 WAG MEETING.  
11:32AM 19 "DONE. CALL WHEN U HAVE 30 MINUTES."  
11:32AM 20 AND THEN MR. BALWANI CONTINUES.  
11:33AM 21 "MOSTLY TERRIBLE MEETING BUT NET NET IS WHAT WE WANT.  
11:33AM 22 "THE POINT ABOUT NARROWING DOWN MENU TO HIT HIGH FS  
11:33AM 23 PERCENT CAME TO ME LIKE GIFT OF GOD."  
11:33AM 24 MR. JHAVERI, WE TALKED ABOUT THOSE MONTHLY MEETINGS IN  
11:33AM 25 NOVEMBER OF 2014. DID YOU CONTINUE TO MEET WITH MR. BALWANI IN

11:33AM 1 2015 UP UNTIL THAT OCTOBER ARTICLE THAT WE DISCUSSED?

11:33AM 2 A. YES.

11:33AM 3 Q. WOULD YOU NOW TURN TO THE NEXT PAGE, PAGE 45. WE'VE NOW  
11:33AM 4 MOVED TO APRIL 10TH OF 2015.

11:33AM 5 DO YOU SEE WHERE MR. BALWANI WRITES:

11:33AM 6 "WE MUST HIT OUR VOLUME GOALS NOW.

11:33AM 7 "WE NEED TO MAKE IT A MATTER OF LIFE AND DEATH.

11:33AM 8 "SURVIVAL. WE MUST NOT LOSE."

11:33AM 9 DO YOU SEE THAT?

11:33AM 10 A. YES.

11:33AM 11 Q. WAS THE VOLUME OF VENOUS DRAWS AND THE NUMBER OF PATIENTS  
11:34AM 12 AT THERANOS PATIENT CENTERS STILL BEING TRACKED IN 2015?

11:34AM 13 MR. COOPERSMITH: LACKS FOUNDATION IF HE'S TRYING TO  
11:34AM 14 REFERENCE THIS TEXT AT THE SAME TIME AS THAT QUESTION.

11:34AM 15 THE COURT: OVERRULED.

11:34AM 16 ASK YOUR QUESTION AGAIN.

11:34AM 17 MR. SCHENK: THANK YOU.

11:34AM 18 Q. MR. JHAVERI, YOU AND I TALKED ABOUT TRACKING VENOUS DRAWS  
11:34AM 19 AND THE NUMBER OF PATIENTS PER DAY PER STORE, AND I'M WONDERING  
11:34AM 20 IF YOU CONTINUED TO TRACK THAT INTO 2015.

11:34AM 21 A. YES.

11:34AM 22 Q. AND WHEN YOU HAD THE MEETINGS THAT YOU TALKED ABOUT IN  
11:34AM 23 2015, DID YOU CONTINUE TO DISCUSS THOSE NUMBERS WITH  
11:34AM 24 MR. BALWANI?

11:34AM 25 A. YES.



11:34AM 1 Q. IF NOW YOU'LL TURN TO PAGE 68.

11:34AM 2 WE'RE NOW IN APRIL 29TH OF 2015. MS. HOLMES WRITES:

11:34AM 3 "ARE THEY HELPING YOU ON WAG CONTRACT."

11:35AM 4 DO YOU SEE THAT?

11:35AM 5 A. YES, I DO.

11:35AM 6 Q. AND THEN MR. BALWANI RESPONDS:

11:35AM 7 "NO ONE ON WAG CONTRACT BEING WANT ANYONE ON WAG CONTRACT.

11:35AM 8 THIS U AND I NEED CLOSE OUR CHESTS."

11:35AM 9 AND THEN MR. BALWANI WRITES:

11:35AM 10 "DON'T WANT."

11:35AM 11 DO YOU SEE THAT?

11:35AM 12 A. YES.

11:35AM 13 Q. IN 2015, WAS WALGREENS TALKING ABOUT REVISING CONTRACTS

11:35AM 14 WITH THERANOS?

11:35AM 15 A. YES, WE WERE.

11:35AM 16 Q. WOULD YOU NOW PLEASE GO TO PAGE 77 OF EXHIBIT 5387H.

11:35AM 17 THERE'S A MESSAGE SORT OF IN THE MIDDLE OF THE PAGE THAT I WANT

11:35AM 18 TO DIRECT YOUR ATTENTION TO.

11:35AM 19 ON MAY 12TH, 2015 -- THAT'S GREAT. THANK YOU. A LITTLE

11:35AM 20 FURTHER DOWN. PERFECT.

11:36AM 21 IT'S THE MESSAGE THAT BEGINS "AND" ON THE SCREEN IN FRONT

11:36AM 22 OF YOU.

11:36AM 23 "AND THE FACT WE R NOT GROWING WITH WAG IS SOMETHING THEY

11:36AM 24 ARE TRYING TO UNDERSTAND."

11:36AM 25 DO YOU SEE THAT?

11:36AM 1

A. YES.

11:36AM 2

Q. MR. JHAVERI, IN 2015, WERE ANY MORE STORES OPENING, ANY MORE PATIENT SERVICE CENTERS INSIDE OF WALGREENS STORES?

11:36AM 3

11:36AM 4

A. NO, SIR.

11:36AM 5

Q. WOULD YOU PLEASE TURN TO PAGE 95. THERE'S ONE MESSAGE AT THE VERY BOTTOM ON AUGUST 1ST, 2015.

11:36AM 6

11:36AM 7

DO YOU SEE WHERE MR. BALWANI WRITES TO MS. HOLMES:

11:36AM 8

"HIGHEST VOLUME DAY TODAY. 547 IN WAG."

11:36AM 9

DO YOU SEE THAT?

11:36AM 10

A. YES, I DO.

11:36AM 11

Q. WAS THE NUMBER OF PATIENTS THAT VISITED WALGREENS STORES STILL BEING TRACKED NOW IN AUGUST OF 2015?

11:37AM 12

11:37AM 13

A. YES.

11:37AM 14

Q. AND WAS THAT INFORMATION THAT WAS SHARED DURING THESE

11:37AM 15

MEETINGS, THE EXECUTIVE MEETINGS THAT YOU AND I HAVE DISCUSSED?

11:37AM 16

A. YES, THEY WERE.

11:37AM 17

Q. WOULD YOU NOW PLEASE TURN TO PAGE 115.

11:37AM 18

THERE'S ONE MESSAGE ON THIS PAGE. THIS IS OCTOBER 15TH OF 2015.

11:37AM 19

11:37AM 20

DO YOU SEE THE MESSAGE THAT READS:

11:37AM 21

"JC ARTICLE IS OUT"?

11:37AM 22

A. YES.

11:37AM 23

Q. MR. JHAVERI, I ASKED YOU EARLIER WHETHER YOU RECALLED READING AN ARTICLE IN OCTOBER OF 2015.

11:37AM 24

11:37AM 25

DO YOU REMEMBER ROUGHLY THE DATE THAT THAT ARTICLE CAME

11:37AM 1 OUT?

11:37AM 2 A. I THINK IT WAS OCTOBER 15TH.

11:37AM 3 Q. WOULD YOU NOW TURN TO PAGE 116. THE SAME DAY, THE 15TH OF

11:38AM 4 OCTOBER, MS. HOLMES WRITES TO MR. BALWANI:

11:38AM 5 "I AM OK WITH LESS BLOOD AND DISCOMFORT IN HOLDING

11:38AM 6 STATEMENT.

11:38AM 7 "ALMOST ODD IF NOT THERE."

11:38AM 8 DO YOU SEE THAT?

11:38AM 9 A. YES, SIR.

11:38AM 10 Q. IF YOU'LL NOW TURN TO PAGE 117.

11:38AM 11 DO YOU SEE MR. BALWANI RESPONDS:

11:38AM 12 "OK.

11:38AM 13 "JUST WORRIED ABOUT FDA AND CMS.

11:38AM 14 "BUT OK.

11:38AM 15 "HAVE TO TAKE THIS RISK."

11:38AM 16 AND THEN MS. HOLMES RESPONDS:

11:38AM 17 "WE MADE SUCH BIG DEAL WHEN THEY WERE HERE ABOUT

11:38AM 18 VENIPUNCTURE BEING LESS BLOOD. I AM COMFORTABLE WITH IT."

11:38AM 19 DO YOU SEE THAT?

11:38AM 20 A. YES.

11:38AM 21 Q. AND THERE ARE TWO MORE MESSAGES ON THIS PAGE.

11:38AM 22 MS. HOLMES WRITES TO MR. BALWANI:

11:38AM 23 "CRAMER WANTS EXCLUDE.

11:38AM 24 "NO OTHER T.V."

11:38AM 25 DO YOU SEE THAT?

11:38AM 1 A. YES.

11:38AM 2 Q. AND NOW IF YOU'LL TURN TO PAGE 118.

11:39AM 3 ON 118, IF WE CAN JUST TAKE THESE THE SAME WAY, THE FIRST

11:39AM 4 HALF AND THE SECOND HALF.

11:39AM 5 MS. HOLMES WRITES:

11:39AM 6 "SENDING DRAFT RUPERT EMAIL. THE LANGUAGE ABOUT WHAT JC

11:39AM 7 SAID IS DAVID'S LANGUAGE DYING.

11:39AM 8 "FYI."

11:39AM 9 DO YOU SEE THAT?

11:39AM 10 A. I DO.

11:39AM 11 Q. AND MR. BALWANI RESPONDS:

11:39AM 12 "OK. WHICH PART IS DAVID LANGUAGE."

11:39AM 13 MS. HOLMES RESPONDS: "THE PART ABOUT WHY I DIDN'T WANT TO

11:39AM 14 TALK TO JC (HIS ACCUSATIONS) AS WELL AS THE OTHER PARAGRAPHS

11:39AM 15 THAT WEREN'T THERE BEFORE. EVERYTHING NEW EXCEPT THE ONE

11:39AM 16 SENTENCE I ADDED ON THE NEW ARTICLE.

11:39AM 17 "I AM COMFORTABLE WITH SAYING THE DEATH AND SEX THING TO

11:39AM 18 RUPERT BC IT MAKES THE POINT."

11:40AM 19 DO YOU SEE THOSE MESSAGES FROM MS. HOLMES?

11:40AM 20 A. YES.

11:40AM 21 Q. AND MR. BALWANI AND MS. HOLMES RESPOND TO EACH OTHER IN

11:40AM 22 THE FOLLOWING MESSAGES.

11:40AM 23 MR. BALWANI WRITES:

11:40AM 24 "DON'T."

11:40AM 25 MS. HOLMES RESPONDS:

11:40AM 1 "DON'T WHAT?"

11:40AM 2 MR. BALWANI WRITES:

11:40AM 3 "DON'T MAKE THE DEATH AND SEX POINT. NOT OK."

11:40AM 4 MS. HOLMES RESPONDS:

11:40AM 5 "CHALLENGE IS YOU SAW HOW EVERYONE REACTED IN PRESS TO ME

11:40AM 6 NOT MEETING WITH HIM.

11:40AM 7 "THEY DIDN'T THINK HIM CHALLENGING ME ON PATENTS WAS

11:40AM 8 REMOTELY A GOOD REASON NOT TO MEET WITH HIM."

11:40AM 9 DO YOU SEE THOSE MESSAGES?

11:40AM 10 A. YES.

11:40AM 11 Q. AND THEN MR. BALWANI RESPONDS:

11:40AM 12 "BUT WE HAVE ENUFF POINTS TO SAY I DIDN'T MEET WITH HIM

11:40AM 13 BECAUSE OF HIS FALSE ACCUSATIONS AND DIDN'T HAVE TO MEET WITH

11:40AM 14 SOMEONE WHO WAS ATTACKING ME WITHOUT EVEN MEETING WITH ME. FOR

11:41AM 15 EXAMPLE PATENTS.

11:41AM 16 "I WOULDN'T OPEN UP USE PERSONAL LIFE OR MURDER BECAUSE

11:41AM 17 ENOUGH PEOPLE ON TWITTER WILL ASSUME THERE IS SOMETHING THERE.

11:41AM 18 "IT'S FILTH.

11:41AM 19 "AND WE NEED TO GET OUT OF FLIRTY."

11:41AM 20 MR. BALWANI THEN CORRECTS IT, "FILTH."

11:41AM 21 AND MS. HOLMES RESPONDS:

11:41AM 22 "AGREE FOR SURE ON OUTSIDE WORLD. EVEN WITH RUPERT TO

11:41AM 23 MAKE POINT?"

11:41AM 24 AND MR. BALWANI RESPONDS:

11:41AM 25 "IF U FEEL STRONGLY ABOUT MURDER. BUT NOT PERSONAL LIFE.

11:41AM 1 "I THINK IT IS IMPORTANT TO SEND THIS EMAIL BUT DOESN'T  
11:41AM 2 HELP WITH PUBLIC BEATING. ALL OUR PARTNERS ARE BAILING ONE AT  
11:41AM 3 A TIME AND SAME WITH INVESTORS."

11:41AM 4 DO YOU SEE WHAT I JUST READ, MR. JHAVERI?

11:41AM 5 A. YES, I DO.

11:41AM 6 Q. AND IF NOW YOU'LL TURN TO PAGE 119. IF WE COULD CAPTURE  
11:41AM 7 THE FIRST HALF.

11:42AM 8 MR. JHAVERI, ARE WE STILL ON OCTOBER 16TH, 2015?

11:42AM 9 A. YES, WE ARE.

11:42AM 10 Q. AND DO YOU SEE WHERE MR. BALWANI WRITES:  
11:42AM 11 "DIGNITY WAG EVERYONE IS POSTURING TO WALK AWAY. WE R  
11:42AM 12 LOSING LEVERAGE FAST."

11:42AM 13 MS. HOLMES RESPONDS:  
11:42AM 14 "HAVE YOU TALKED TO WAG?"

11:42AM 15 AND MR. BALWANI RESPONDS:  
11:42AM 16 "THEY R NOT TALKING FOR NOW UNTIL THEIR LAWYERS SAY SO?"

11:42AM 17 MR. BALWANI, I'M WONDERING, A MOMENT AGO, YOU SAID YOU  
11:42AM 18 STEPPED BACK AND OTHER INDIVIDUALS TOOK YOUR PLACE IN THE  
11:42AM 19 RELATIONSHIP.

11:42AM 20 CAN YOU REMIND THE JURY WHO THOSE INDIVIDUALS WERE?

11:42AM 21 A. CORRECT. OUR GENERAL COUNSEL, AS WELL AS OUR CHIEF  
11:42AM 22 MEDICAL OFFICER.

11:42AM 23 THE COURT: AND YOU MEANT MR. JHAVERI.

11:42AM 24 MR. SCHENK: YES. I'M SORRY. DID I SAY  
11:42AM 25 MR. BALWANI? I MEANT MR. JHAVERI. THANK YOU.

11:43AM 1 Q. DO YOU SEE NOW BELOW THAT, IT SAYS, "TO US" FROM  
11:43AM 2 MS. HOLMES.  
11:43AM 3 AND THEN MR. BALWANI WRITES:  
11:43AM 4 "YES.  
11:43AM 5 "AT C LEVEL."  
11:43AM 6 MS. HOLMES RESPONDS:  
11:43AM 7 "THEIR LAWYERS TOLD THEM NOT TO TALK TO US?"  
11:43AM 8 MR. BALWANI RESPONDS:  
11:43AM 9 "YES."  
11:43AM 10 MS. HOLMES WRITES:  
11:43AM 11 "WOW."  
11:43AM 12 AND THEN MR. BALWANI RESPONDS:  
11:43AM 13 "IN SO MANY WORDS.  
11:43AM 14 "NOT EXACTLY BUT THEY WILL BRING ALL THIS UP ABOUT  
11:43AM 15 FINGERSTICKS ET CETERA IN CONTRACT NEGOTIATIONS."  
11:43AM 16 IF WE CAN CAPTURE THE LAST TWO MESSAGES.  
11:43AM 17 MR. BALWANI WRITES:  
11:43AM 18 "IT IS GOING TO BE VERY DIFFICULT 12 MONTHS.  
11:43AM 19 "OUR CLIA LAB FAILED MPV PT ALL 5 LEVELS. JUST FOUND OUT.  
11:43AM 20 DEALING WITH IT."  
11:43AM 21 MR. JHAVERI, DO YOU SEE THAT?  
11:43AM 22 A. YES, I DO.  
11:43AM 23 Q. AND I HAVE TWO MORE PAGES I'D LIKE TO SHOW YOU. IF WE  
11:43AM 24 COULD FIRST LOOK AT PAGE 120. IF WE CAN CAPTURE THE FIRST TWO  
11:44AM 25 EMAILS, I'M SORRY, TEXTS.

11:44AM 1 DO YOU SEE WHERE MR. BALWANI WRITES:

11:44AM 2 "MISS OLD DAYS. THESE DAYS ARE NOT WORTH WHATEVER WE R

11:44AM 3 TRYING TO DO HERE.

11:44AM 4 "NIM JUST TEXTED ME. WANTS TO TALK URGENTLY."

11:44AM 5 DO YOU SEE THAT?

11:44AM 6 A. YES.

11:44AM 7 Q. AND, MR. JHAVERI, DID YOU, ON OR AROUND THIS DATE, THAT IS

11:44AM 8 OCTOBER 16TH, 2015, REACH OUT TO MR. BALWANI AND SAY THAT YOU

11:44AM 9 WANTED TO SPEAK WITH HIM?

11:44AM 10 A. YES.

11:44AM 11 Q. AND NOW IF WE CAN GO TO THE LAST PAGE I'LL SHOW YOU,

11:44AM 12 THAT'S PAGE 121, WE'RE STILL ON OCTOBER 16TH; RIGHT?

11:44AM 13 A. YES.

11:44AM 14 Q. MR. BALWANI WRITES:

11:44AM 15 "OK. WAG FREAKING OUT. LACK OF TRANSPARENCY.

11:45AM 16 "WHY THEY FOUND THIS ALL OUT THRU MEDIA AND NOT THRU US."

11:45AM 17 DO YOU SEE WHERE MS. HOLMES REPLIES:

11:45AM 18 "K. THAT'S WHAT WE'LL DO.

11:45AM 19 "HOW WAS NIM?"

11:45AM 20 MR. BALWANI WRITES:

11:45AM 21 "WHY WE DIDN'T TELL THEM ABOUT TURNING OFF NANOTAINER"

11:45AM 22 AND THEN THE LETTER A.

11:45AM 23 MS. HOLMES RESPONDS:

11:45AM 24 " DID YOU TELL HIM IT LITERALLY JUST HAPPENED."

11:45AM 25 MR. BALWANI WRITES:



11:45AM 1 "YES."

11:45AM 2 MS. HOLMES RESPONDS:

11:45AM 3 "AND WE HADN'T FINALIZED PLAN WITH FDA YET AND STILL

11:45AM 4 HAVEN'T."

11:45AM 5 MR. BALWANI RESPONDS:

11:45AM 6 "I TOLD HIM WE WERE SURPRISED BY THE ARTICLE AS MUCH AS

11:45AM 7 THEY R.

11:45AM 8 "YES.

11:45AM 9 "BUT IT WAS MATTER OF COMMUNICATION. I HAD ACTUALLY

11:45AM 10 THOUGHT ABOUT IT BUT GOT TOO BUSY TO CHECK WITH YOU."

11:45AM 11 AND THEN DO YOU SEE WHERE MS. HOLMES RESPONDS:

11:45AM 12 "THEN LET'S SHOW THEM THAT THIS LITERALLY IS STILL UP IN

11:46AM 13 AIR SO WE LITERALLY JUST DECIDED SINCE THE DISCUSSION IS

11:46AM 14 GETTING AIRED OUT IN PRESS."

11:46AM 15 DO YOU SEE THAT?

11:46AM 16 A. YES.

11:46AM 17 Q. AND THEN MR. BALWANI RESPONDS:

11:46AM 18 "OK.

11:46AM 19 "HOWEVER ISSUE IS WE DIDN'T TELL THEM IN ADVANCE ABOUT

11:46AM 20 SWITCHING."

11:46AM 21 MS. HOLMES:

11:46AM 22 "WE'LL HAVE TO PRESENT WELL THAT WE HADN'T DECIDED TO."

11:46AM 23 MR. BALWANI:

11:46AM 24 "BAD IDEA. AT THIS POINT THEY KNOW. SO NEED TO BE

11:46AM 25 TRANSPARENT.

11:46AM 1 MS. HOLMES:

11:46AM 2 "HOW LONG HAS IT BEEN THAT WE DIDN'T TELL THEM?"

11:46AM 3 MR. BALWANI:

11:46AM 4 "3-4 WEEKS."

11:46AM 5 MS. HOLMES:

11:46AM 6 "I'M TRYING TO REMEMBER WHAT OUR THINKING WAS ON THAT."

11:46AM 7 MR. BALWANI:

11:46AM 8 "NONE. WE JUST DIDN'T TELL THEM THINKING UNDER NEW MODEL

11:46AM 9 THIS DOESN'T MATTER."

11:46AM 10 MR. BALWANI CONTINUES:

11:46AM 11 "BUT ATTACKS LIKE THIS SCARE THEM AS THEY SCARE EVERYONE."

11:46AM 12 AND FINALLY, MS. HOLMES WRITES:

11:47AM 13 "YEAH."

11:47AM 14 MR. JHAVERI, AT THIS TIME IN 2015, AND TO BE MORE

11:47AM 15 SPECIFIC, LEADING UP TO THE ARTICLE THAT YOU AND I TALKED ABOUT

11:47AM 16 IN OCTOBER OF 2015, WERE YOU STILL WORKING TO MAKE THE THERANOS

11:47AM 17 PILOT A SUCCESS?

11:47AM 18 A. YES.

11:47AM 19 Q. AND WERE YOU STILL THINKING THAT IF THE THERANOS PILOT WAS

11:47AM 20 A SUCCESS, THERANOS PATIENT SERVICE CENTERS INSIDE OF WALGREENS

11:47AM 21 STORES WOULD EXPAND BEYOND THE 40 IN ARIZONA?

11:47AM 22 A. YES.

11:47AM 23 MR. SCHENK: YOUR HONOR, MAY I HAVE ONE MOMENT?

11:47AM 24 THE COURT: YES.

11:47AM 25 (DISCUSSION AMONGST GOVERNMENT COUNSEL OFF THE RECORD.)

11:47AM 1 MR. SCHENK: THANK YOU VERY MUCH, YOUR HONOR. NO  
11:47AM 2 FURTHER QUESTIONS.

11:47AM 3 THE COURT: MR. COOPERSMITH, WILL YOU HAVE  
11:47AM 4 CROSS-EXAMINATION?

11:47AM 5 MR. COOPERSMITH: YES, YOUR HONOR. WOULD THIS BE A  
11:47AM 6 GOOD TIME FOR OUR BREAK?

11:47AM 7 THE COURT: WELL, YOU TOOK THE WORDS RIGHT OUT OF MY  
11:47AM 8 MOUTH, MR. COOPERSMITH.

11:47AM 9 MR. COOPERSMITH: SORRY ABOUT THAT, YOUR HONOR.

11:47AM 10 THE COURT: NOT AT ALL.

11:47AM 11 LET'S TAKE OUR BREAK NOW, LADIES AND GENTLEMEN. WE'LL  
11:47AM 12 TAKE ABOUT 30 MINUTES.

11:47AM 13 LET ME TELL YOU, I KNOW YOU'LL BE EXCITED TO HEAR THIS,  
11:48AM 14 I'VE JUST BEEN INFORMED THAT WE CAN GO UNTIL 4:00. SO THE  
11:48AM 15 3:00 O'CLOCK -- PLEASE RESTRAIN YOUR ENTHUSIASM.

11:48AM 16 SO THE 3:00 O'CLOCK PROBLEM WITH THE COURT HAS BEEN  
11:48AM 17 RESOLVED, SO WE'LL BE ABLE TO GO UNTIL 4:00 O'CLOCK TODAY. I  
11:48AM 18 JUST WANT TO LET YOU KNOW THAT.

11:48AM 19 SO THANK YOU VERY MUCH.

11:48AM 20 LET'S HAVE OUR BREAK NOW. WE'LL TAKE ABOUT 30 MINUTES,  
11:48AM 21 AND WE'LL COME BACK. THANK YOU.

11:48AM 22 MR. SCHENK: THANK YOU.

11:49AM 23 THE COURT: THANK YOU.

11:49AM 24 AND, MR. JHAVERI, YOU CAN STEP OUTSIDE, PLEASE. WE'LL  
11:49AM 25 TAKE A 30 MINUTE BREAK.

11:49AM 1 THE WITNESS: THANK YOU.

11:49AM 2 THE COURT: YOU'RE WELCOME.

11:49AM 3 (JURY OUT AT 11:49 A.M.)

11:49AM 4 THE COURT: PLEASE BE SEATED.

11:49AM 5 THE RECORD SHOULD REFLECT THAT OUR JURY HAS LEFT THE  
11:49AM 6 COURTROOM.

11:49AM 7 MR. JHAVERI HAS LEFT THE COURTROOM AS WELL.

11:49AM 8 I JUST GOT WORD THAT THE 3:00 P.M. CONFLICT WAS RESOLVED,  
11:49AM 9 SO WE'LL GO UNTIL 4:00.

11:49AM 10 WE STILL NEED AT SOME POINT TO SPEAK WITH JUROR NUMBER 8  
11:49AM 11 ABOUT HIS MEDICAL APPOINTMENTS. I THOUGHT WE'D -- MAYBE WE CAN  
11:49AM 12 DO THAT AT THE END OF THE DAY TODAY, WE'LL TALK WITH HIM, AND  
11:49AM 13 BECAUSE IT DOES TOUCH ON MEDICAL PERSONAL ISSUES, I INTEND TO  
11:49AM 14 ALSO HAVE THAT CONVERSATION PRIVATE, NOT IN A PUBLIC, PUBLIC  
11:49AM 15 SETTING.

11:50AM 16 ANYTHING FURTHER BEFORE WE BREAK?

11:50AM 17 MR. SCHENK: NO.

11:50AM 18 THE COURT: MR. COOPERSMITH?

11:50AM 19 MR. COOPERSMITH: NO, YOUR HONOR. THANK YOU.

11:50AM 20 THE COURT: ALL RIGHT. THANK YOU.

11:50AM 21 (RECESS FROM 11:50 A.M. UNTIL 12:25 P.M.)

12:26PM 22 (JURY IN AT 12:26 P.M.)

12:26PM 23 THE COURT: PLEASE BE SEATED. THANK YOU.

12:26PM 24 ALL PARTIES PREVIOUSLY PRESENT ARE PRESENT ONCE AGAIN.

12:26PM 25 MR. COOPERSMITH, YOU HAVE CROSS-EXAMINATION?

12:26PM 1 MR. COOPERSMITH: THANK YOU, YOUR HONOR. MAY I  
12:26PM 2 REMOVE MY MASK?

12:26PM 3 THE COURT: YES, YES.

12:26PM 4 MR. COOPERSMITH: THANK YOU, YOUR HONOR.

12:26PM 5 **CROSS-EXAMINATION**

12:26PM 6 BY MR. COOPERSMITH:

12:26PM 7 Q. GOOD AFTERNOON, MR. JHAVERI.

12:26PM 8 A. GOOD AFTERNOON, SIR.

12:26PM 9 Q. I'M JEFF COOPERSMITH, I REPRESENT SUNNY BALWANI, AND I'LL  
12:27PM 10 BE ASKING YOU SOME QUESTIONS THIS AFTERNOON. OKAY?

12:27PM 11 A. OKAY.

12:27PM 12 MR. COOPERSMITH: MAY I APPROACH, YOUR HONOR?

12:27PM 13 THE COURT: YES.

12:27PM 14 MR. COOPERSMITH: (HANDING.)

12:27PM 15 Q. MR. JHAVERI, I'VE JUST HANDED YOU TWO BINDERS WITH  
12:27PM 16 EXHIBITS, AND WE MAY BE REFERRING, IN FACT, WE WILL BE  
12:27PM 17 REFERRING TO SOME OF THOSE DURING THE COURSE OF THE QUESTIONS.  
12:27PM 18 OKAY?

12:27PM 19 A. OKAY.

12:27PM 20 Q. OKAY. SO LET'S SORT OF GO TO THE BEGINNING OF YOUR  
12:27PM 21 INVOLVEMENT WITH THERANOS.

12:27PM 22 AND I THINK YOU HAD SOME PASSING INVOLVEMENT OR  
12:27PM 23 CONVERSATION WITH MR. BALWANI AND MS. HOLMES BACK IN 2010; IS  
12:27PM 24 THAT CORRECT?

12:27PM 25 A. YES.

12:27PM 1 Q. BUT I THINK YOU SAID THAT IT WAS ONLY ABOUT A 15 OR 20  
12:27PM 2 MINUTE CONVERSATION?

12:27PM 3 A. THAT'S CORRECT.

12:27PM 4 Q. OKAY. SO THE REAL INVOLVEMENT YOU HAD WITH THERANOS  
12:27PM 5 REALLY STARTED LATER IN 2014; IS THAT RIGHT?

12:28PM 6 A. THAT'S CORRECT.

12:28PM 7 Q. OKAY. AND YOU'RE AWARE THAT THERANOS AND WALGREENS  
12:28PM 8 STARTED THE FIRST THERANOS BLOOD TESTING COLLECTION SITES IN  
12:28PM 9 WALGREENS STORES IN THE FALL OF 2013?

12:28PM 10 A. THAT'S CORRECT.

12:28PM 11 Q. BUT YOUR INVOLVEMENT REALLY STARTED AROUND MARCH OF 2014;  
12:28PM 12 IS THAT CORRECT?

12:28PM 13 A. YEAH, MY INVOLVEMENT, MY FULL RESPONSIBILITY FOR THE  
12:28PM 14 PROJECT STARTED IN MARCH OF 2014.

12:28PM 15 Q. OKAY. AND YOU UNDERSTAND, I THINK YOU REVIEWED IT WITH  
12:28PM 16 MR. SCHENK WHEN HE WAS ASKING YOU QUESTIONS, THAT THE INITIAL  
12:28PM 17 CONTRACT BETWEEN THERANOS AND WALGREENS GOES BACK TO JULY 2010.  
12:28PM 18 DO YOU RECALL THAT?

12:28PM 19 A. THAT'S CORRECT.

12:28PM 20 Q. AND YOU HAD REVIEWED THOSE CONTRACTS IN THE COURSE OF  
12:28PM 21 GETTING UP TO SPEED ON THE PROJECT; IS THAT FAIR?

12:28PM 22 A. THAT'S FAIR.

12:28PM 23 Q. BUT YOU WERE NOT PRESENT DURING THE TIME THE CONTRACT WAS  
12:28PM 24 NEGOTIATED, AT LEAST THE ORIGINAL ONE; IS THAT RIGHT?

12:28PM 25 A. NO, SIR.

12:28PM 1 Q. OR EVEN THE 2012 AMENDMENT THAT MR. SCHENK SHOWED YOU, YOU  
12:28PM 2 WEREN'T INVOLVED IN THE NEGOTIATION OF THAT CONTRACT EITHER; IS  
12:28PM 3 THAT RIGHT?

12:28PM 4 A. NO, SIR.

12:28PM 5 Q. SO WHAT YOU HAVE ARE THE WORDS ON THE PAGE; IS THAT FAIR?

12:29PM 6 A. AND THE INFORMATION PROVIDED BY THE LEADERS THAT I SPOKE  
12:29PM 7 TO.

12:29PM 8 Q. OKAY. THANK YOU.

12:29PM 9 YOU UNDERSTAND, THOUGH, PRIOR TO YOUR INVOLVEMENT WITH THE  
12:29PM 10 THERANOS PROJECT AT WALGREENS, THERE HAD BEEN A LOT OF  
12:29PM 11 DISCUSSIONS WITH OTHER WALGREENS PERSONNEL AND THERANOS  
12:29PM 12 PERSONNEL ABOUT THE NATURE OF THE PARTNERSHIP AND HOW THE  
12:29PM 13 BUSINESS WOULD WORK; IS THAT FAIR?

12:29PM 14 A. I KNEW OF THOSE DISCUSSIONS.

12:29PM 15 Q. I'M SORRY?

12:29PM 16 A. I KNEW OF THOSE DISCUSSIONS THAT THEY HAD, BUT I WAS NOT  
12:29PM 17 INVOLVED IN ANY OF THOSE DISCUSSIONS.

12:29PM 18 Q. OKAY. BUT YOU JUST HEARD ABOUT THOSE THINGS FROM SOME OF  
12:29PM 19 YOUR COLLEAGUES AT WALGREENS?

12:29PM 20 A. THAT'S CORRECT.

12:29PM 21 Q. AND MAYBE EVEN FROM MR. BALWANI?

12:29PM 22 A. FROM MR. BALWANI AFTER I BECAME INVOLVED IN THE PROJECT.

12:29PM 23 Q. OKAY. AND THEN WHEN YOU BECAME INVOLVED, IS IT FAIR TO  
12:29PM 24 SAY THAT YOUR JOB WAS TO TRY AND EXECUTE ON THE BUSINESS PLAN?

12:29PM 25 A. RIGHT, TO -- YES, BASICALLY TO OPERATIONALIZE THE SERVICE

12:30PM 1 INSIDE OF A WALGREENS DRUG STORE.

12:30PM 2 Q. SO YOU WERE, FROM THE WALGREENS PERSPECTIVE, IN CHARGE OF  
12:30PM 3 MAKING THE PROGRAM COME TO LIFE AND EXPAND, YOU KNOW, AS MUCH  
12:30PM 4 AS IT COULD EXPAND.

12:30PM 5 IS THAT FAIR?

12:30PM 6 A. YES. IT WAS TO, EXACTLY WHAT I SAID, OPERATIONALIZE THE  
12:30PM 7 ENTIRE PROGRAM.

12:30PM 8 Q. AND IS IT FAIR TO CALL THAT PHASE OF THE WORK BETWEEN  
12:30PM 9 THERANOS AND WALGREENS THE EXECUTION PHASE?

12:30PM 10 A. WE DIDN'T CALL IT THE EXECUTION PHASE. WE CALLED IT THE  
12:30PM 11 PILOT PHASE AS I REFERENCED IN SOME OF THE DOCUMENTS WE  
12:30PM 12 REVIEWED TODAY. THAT'S WHAT WE CALLED THE, THE 40 STORES THAT  
12:30PM 13 WE LAUNCHED WAS TRULY CALLED THE PILOT PHASE.

12:30PM 14 Q. YEAH, I UNDERSTAND. MY QUESTION IS A LITTLE DIFFERENT.  
12:30PM 15 I'M SORRY FOR NOT ASKING A CLEAR QUESTION.

12:30PM 16 BUT WHAT YOU WERE ACTUALLY DOING, THE ACTIVITY THAT YOU  
12:30PM 17 WERE ENGAGED IN WITH THERANOS, WAS TRYING TO EXECUTE ON THE  
12:30PM 18 BUSINESS PLAN, INCLUDING THE PILOT?

12:30PM 19 A. THAT'S CORRECT.

12:30PM 20 Q. OKAY. AND YOU WOULD AGREE WITH ME THAT WHEN YOU'RE TRYING  
12:30PM 21 TO EXECUTE ON A NEW BUSINESS PLAN, THERE ARE RISKS INVOLVED  
12:30PM 22 WITH IT?

12:31PM 23 A. YES, THERE ARE ALWAYS RISKS WITH ANY PROJECT THAT WE DO.

12:31PM 24 Q. RIGHT. AND SOMETIMES BUSINESSES REFER TO IT AS EXECUTION  
12:31PM 25 RISK; IS THAT FAIR?



12:31PM 1 A. I DON'T KNOW WHAT BUSINESSES CALLED IT. WE JUST CALLED IT  
12:31PM 2 RISK.

12:31PM 3 Q. BUT THE RISK WOULD BE WHETHER YOU COULD EXECUTE THE  
12:31PM 4 PROJECT AS IT WAS -- AT LEAST WHAT THE GOALS WERE?

12:31PM 5 A. CORRECT. THE RISK, IF I CAN JUST BE A LITTLE BIT CLEARER,  
12:31PM 6 THE RISKS WERE ASSOCIATED WITH NOT ONLY THE EXECUTION OF THE  
12:31PM 7 PROGRAM, BUT THE SUCCESSES OF THE PROGRAM ITSELF. THERE IS  
12:31PM 8 RISK ASSOCIATED WITH ALL OF THOSE THINGS.

12:31PM 9 SO IT'S NOT SIMPLY FULL EXECUTION, BUT IT IS -- THERE ARE  
12:31PM 10 ALSO RISKS IN CERTAIN PARTS OF THE PROGRAM, HOW WE DO THE  
12:31PM 11 PROGRAM, WHAT WE DO, COSTS. EVERYTHING THAT IS ASSOCIATED WITH  
12:31PM 12 ACTUALLY DOING THE PROJECT IS A RISK.

12:31PM 13 SO I JUST WANT TO MAKE SURE THAT I THINK THAT'S WHAT  
12:31PM 14 YOU'RE ASKING.

12:31PM 15 Q. NO, NO. THAT'S FINE.

12:31PM 16 SO THERE ARE A LOT OF DIFFERENT RISKS ASSOCIATED WITH  
12:31PM 17 LAUNCHING A NEW BUSINESS; RIGHT?

12:31PM 18 A. IT IS.

12:31PM 19 Q. AND THAT'S PART OF WHAT YOU AND YOUR COLLEAGUES AND THE  
12:31PM 20 THERANOS TEAM WERE TRYING TO MANAGE?

12:32PM 21 A. CORRECT.

12:32PM 22 Q. OKAY. NOW, MR. SCHENK ASKED YOU SOME QUESTIONS IN THE  
12:32PM 23 COURSE OF HIS DIRECT EXAMINATION ABOUT WHETHER CERTAIN THINGS  
12:32PM 24 WERE GUARANTEED.

12:32PM 25 DO YOU REMEMBER THAT?

12:32PM 1 A. YES.

12:32PM 2 Q. SO IT'S FAIR TO SAY THAT THERE WAS NO GUARANTEE THAT THE

12:32PM 3 BUSINESS WOULD BE SUCCESSFUL; RIGHT?

12:32PM 4 A. THE BUSINESS BEING THE THERANOS BUSINESS OR THE --

12:32PM 5 Q. THE PARTNERSHIP, THE WALGREENS-THERANOS PARTNERSHIP?

12:32PM 6 A. YES, ABSOLUTELY, THERE WAS RISK IN WHETHER OR NOT THAT

12:32PM 7 WOULD SUCCEED.

12:32PM 8 Q. AND WALGREENS ITSELF, EVEN APART FROM THERANOS, LAUNCHES

12:32PM 9 NEW BUSINESS LINES FROM TIME TO TIME; RIGHT?

12:32PM 10 A. WE DO.

12:32PM 11 Q. AND SOMETIMES YOU DECIDE TO OPEN UP IN NEW MARKETS THAT

12:32PM 12 YOU HAD NOT BEEN IN BEFORE; RIGHT?

12:32PM 13 A. CORRECT.

12:32PM 14 Q. AND THERE IS ALWAYS RISK ASSOCIATED WITH THAT?

12:32PM 15 A. THERE IS.

12:32PM 16 Q. AND IS RISK ASSOCIATED -- THERE IS NOTHING GUARANTEED

12:32PM 17 ABOUT WALGREENS'S OWN BUSINESS; IS THAT RIGHT?

12:32PM 18 A. THAT'S CORRECT.

12:32PM 19 Q. AND, IN FACT, EVEN THOUGH YOU AT WALGREENS HAVE A TRACK

12:32PM 20 RECORD, YOU DON'T KNOW IF THERE ARE GOING TO BE 2 PATIENTS THAT

12:33PM 21 COME INTO THE LOCAL SAN JOSE WALGREENS TODAY OR 10 PATIENTS OR

12:33PM 22 50 PATIENTS; RIGHT?

12:33PM 23 A. WE HAVE A PRETTY GOOD IDEA BASED ON THE INTELLIGENCE THAT

12:33PM 24 WE HAVE DONE, THE DUE DILIGENCE THAT WE HAVE DONE, GOING INTO A

12:33PM 25 PARTICULAR STORE LOCATION IF THAT'S WHAT YOU'RE ASKING.

12:33PM 1 BUT, YES, THERE ARE RISKS THAT THOSE ESTIMATES AND THE  
12:33PM 2 HYPOTHESIS MIGHT NOT BE MET.

12:33PM 3 Q. IT MIGHT NOT COME TO PASS?

12:33PM 4 A. THAT'S RIGHT.

12:33PM 5 Q. AND IS IT GUARANTEED THAT ANY PATIENT IS GOING TO WALK  
12:33PM 6 INTO A WALGREENS STORE ON ANY DAY AT ANY TIME?

12:33PM 7 A. NO, NOTHING'S GUARANTEED.

12:33PM 8 Q. OKAY. NOW, THE WHOLE ROLLOUT PROGRAM WITH THERANOS, THAT  
12:33PM 9 WAS A HUGE COMMITMENT ON WALGREENS'S PART; IS THAT RIGHT?

12:33PM 10 A. IT WAS.

12:33PM 11 Q. AND IT WAS A HUGE COMMITMENT ON THERANOS'S PART?

12:33PM 12 A. THAT'S RIGHT.

12:33PM 13 Q. AND THERE WAS A LOT OF MOVING PARTS IN CONNECTION WITH  
12:33PM 14 THAT WHOLE ENDEAVOR TO ROLL OUT MORE AND MORE THERANOS STORES  
12:33PM 15 OR COLLECTION SITES AT WALGREENS STORES; RIGHT?

12:33PM 16 A. YES, IT WAS COMPLEX.

12:33PM 17 Q. AND THAT'S ONE REASON WHY THERE WERE THESE PERIODIC  
12:34PM 18 MEETINGS THAT MR. SCHENK SHOWED YOU A FEW OF?

12:34PM 19 A. THAT'S RIGHT.

12:34PM 20 Q. OKAY. IN TERMS OF YOUR OWN RESPONSIBILITIES, THE THERANOS  
12:34PM 21 PROJECT, WHILE YOU WERE WORKING ON IT, TOOK UP A LOT OF YOUR  
12:34PM 22 OWN TIME?

12:34PM 23 A. IT TOOK A LOT OF MY OWN TIME, BUT I HAD A TEAM SPECIFIC  
12:34PM 24 FOR THE THERANOS PARTNERSHIP. I HAD A PORTFOLIO OF PROJECTS  
12:34PM 25 AND SERVICES AND RESPONSIBILITIES THAT I HAD WITHIN MY OWN

12:34PM 1 ROLE, SO WHILE THERANOS DID TAKE UP A CONSIDERABLE AMOUNT OF  
12:34PM 2 TIME, IT WAS NOT FULLY MY ENTIRE ROLE. I HAD OTHER TEAMS THAT  
12:34PM 3 WERE FOCUSSED IN ON IT.

12:34PM 4 Q. RIGHT. PEOPLE REPORTED TO YOU WHO WERE DEALING WITH  
12:34PM 5 THINGS ON A DAY-TO-DAY BASIS?

12:34PM 6 A. THAT'S RIGHT.

12:34PM 7 Q. AND YOU WERE AT AN EXECUTIVE LEVEL?

12:34PM 8 A. THAT'S RIGHT.

12:34PM 9 Q. AND YOUR OTHER PROJECTS -- THE OTHER THINGS IN YOUR  
12:34PM 10 PORTFOLIO, ONE OF THE THINGS WAS ALSO THE WALGREENS WELL  
12:34PM 11 EXPERIENCE PROGRAM?

12:34PM 12 A. THAT'S RIGHT.

12:34PM 13 Q. AND YOU TALKED ABOUT THAT A LITTLE BIT ON DIRECT WHERE  
12:35PM 14 THAT WAS A PROGRAM TO REFURBISH SOME OF THE STORES AND  
12:35PM 15 MODERNIZE THEM?

12:35PM 16 A. YEAH, IT WAS TO REFURBISH, MODERNIZE, AND TO CHANGE THE  
12:35PM 17 EXPERIENCE OF WHAT PHARMACISTS AND PHARMACY TECHNICIANS DO  
12:35PM 18 WITHIN THAT WALGREENS DRUG STORE, AND ALSO INCORPORATING OTHER  
12:35PM 19 HEALTH CARE SERVICES THAT I TALKED ABOUT EARLIER AND CREATING A  
12:35PM 20 SPACE THAT WE CAN ACCOMMODATE THOSE THINGS.

12:35PM 21 Q. AND THE SPACE MIGHT BE A CONSULTATION ROOM, FOR EXAMPLE?

12:35PM 22 A. THERE WAS A CONSULTATION ROOM THAT WE HAD AS PART OF THE  
12:35PM 23 DESIGN.

12:35PM 24 Q. AND IT MIGHT ALSO INCLUDE I THINK YOU SAID A COMMUNITY  
12:35PM 25 SPACE?

12:35PM 1 A. CORRECT. IN MANY OF THE STORES WE HAD -- THE STORES THAT  
12:35PM 2 HAD ENOUGH SPACE, WE WOULD ACTUALLY PUT IN A COMMUNITY SPACE TO  
12:35PM 3 DO THOSE HEALTH CARE SERVICES THAT I DISCUSSED EARLIER.

12:35PM 4 Q. AND THE CONSULTATION ROOM IN THE WELL EXPERIENCE WALGREENS  
12:35PM 5 STORES, THAT COULD BE USED FOR THE DIFFERENT PURPOSES IN THE  
12:35PM 6 HEALTH CARE AREA; IS THAT FAIR?

12:35PM 7 A. THAT IS FAIR.

12:35PM 8 Q. SO ONE MIGHT BE TO GIVE A PERSON A VACCINE, FOR EXAMPLE?

12:35PM 9 A. THAT'S CORRECT.

12:35PM 10 Q. AND ANOTHER MIGHT BE TO COLLECT A BLOOD SAMPLE?

12:35PM 11 A. THAT'S CORRECT.

12:36PM 12 BUT JUST TO CLARIFY, AGAIN, DEPENDING ON THE SPACE OF THE  
12:36PM 13 STORE, THOSE SIZES CHANGED AND THEY VARIED.

12:36PM 14 AND IN SOME STORES WE WERE LIMITED BY THAT SPACE TO  
12:36PM 15 DELIVER ALL OF THOSE SERVICES.

12:36PM 16 WE TRIED TO DO THAT, OF COURSE, YOU KNOW, BUT SPACE  
12:36PM 17 LIMITATIONS DID REQUIRE US TO HAVE THOSE SPACES VARY STORE TO  
12:36PM 18 STORE, AND STORES THAT HAD THE SMALLER SPACE, WE MAY NOT BE  
12:36PM 19 ABLE TO PROVIDE ALL OF THE SERVICES.

12:36PM 20 Q. UNDERSTOOD. BUT WHEN YOU HAD THE WELL EXPERIENCE STORE  
12:36PM 21 BUILDOUT, THERE WAS SOME CONSTRUCTION INVOLVED WITH GETTING  
12:36PM 22 THAT DONE; RIGHT?

12:36PM 23 A. YES.

12:36PM 24 Q. AND I THINK YOU SAID ON DIRECT THAT IF YOU WERE DOING  
12:36PM 25 CONSTRUCTION IN A STORE, YOU WOULD HAVE TO BE CAREFUL NOT TO

12:36PM 1 MAKE IT TOO DISRUPTIVE TO THE ONGOING OPERATIONS OF THE STORE;  
12:36PM 2 RIGHT?

12:36PM 3 A. CORRECT.

12:36PM 4 Q. SO IF YOU WERE GOING TO DO A BUILD OUT IN A STORE FOR THE  
12:36PM 5 WELL EXPERIENCE PURPOSE, IF THERE WAS ANOTHER PURPOSE, SUCH AS  
12:36PM 6 SETTING UP A THERANOS PATIENT SERVICE CENTER, IT MIGHT BE GOOD  
12:36PM 7 TO KIND OF ACCOMPLISH THOSE TWO THINGS AT ONCE FROM A  
12:37PM 8 CONSTRUCTION STANDPOINT.

12:37PM 9 IS THAT FAIR?

12:37PM 10 A. THAT IS FAIR, AND THAT'S EXACTLY WHY WE WERE LOOKING AT  
12:37PM 11 BOTH OF THOSE INITIATIVES TOGETHER IS IF WE CAN TOUCH THE STORE  
12:37PM 12 ONCE TO MINIMIZE THAT DISRUPTION NOT ONLY TO THE STORE, BUT TO  
12:37PM 13 CUSTOMERS, TO PATIENTS, TO TEAM MEMBERS, AND THEN ALSO THERE  
12:37PM 14 WERE OPERATIONAL AREAS THAT WE NEED TO LOOK AT, COSTS,  
12:37PM 15 TIMELINE, ALL OF THOSE THINGS GO INTO DECISION MAKING OF HOW WE  
12:37PM 16 EXECUTE A CONSTRUCTION MODEL.

12:37PM 17 Q. THANK YOU.

12:37PM 18 LET'S STEP BACK A LITTLE BIT IN TIME. WE JUST TALKED  
12:37PM 19 ABOUT HOW YOUR OWN INVOLVEMENT REALLY STARTED IN EARNEST IN  
12:37PM 20 ABOUT MARCH OF '14; RIGHT?

12:37PM 21 A. YEAH, EARLIER IN THE YEAR, AND THEN IT INCREASED IN MARCH  
12:37PM 22 OF '14.

12:37PM 23 Q. AND YOU UNDERSTAND THAT PRIOR TO YOUR INVOLVEMENT,  
12:37PM 24 WALGREENS HAD TO DECIDE WHETHER IT WAS REALLY GOING TO TRY TO  
12:37PM 25 LAUNCH THIS PROGRAM WITH THERANOS; RIGHT?

12:37PM 1 A. YES, THAT'S CORRECT.

12:37PM 2 Q. RIGHT. AND PEOPLE OTHER THAN YOU MADE THAT DECISION; IS

12:38PM 3 THAT RIGHT?

12:38PM 4 A. THAT'S CORRECT.

12:38PM 5 Q. AND AS PART OF THE EFFORT TO UNDERSTAND THE BUSINESS AND

12:38PM 6 WHETHER IT WAS SOMETHING THAT WALGREENS WANTED TO DO, IN OTHER

12:38PM 7 WORDS, THE PARTNERSHIP WITH THERANOS, WALGREENS HAD TO DO SOME

12:38PM 8 DUE DILIGENCE?

12:38PM 9 A. THAT'S RIGHT.

12:38PM 10 Q. AND WALGREENS IS A, MAYBE EVERYONE KNOWS, BUT IT'S AN

12:38PM 11 ENORMOUS RETAIL COMPANY; RIGHT?

12:38PM 12 A. YES, IT'S ONE OF THE LARGER RETAIL PHARMACIES.

12:38PM 13 Q. AND IN THE UNITED STATES ALONE IT HAS OVER 8,000 STORES?

12:38PM 14 A. I DON'T KNOW THE EXACT NUMBER TODAY. I DON'T WORK FOR

12:38PM 15 WALGREENS ANYMORE, SO --

12:38PM 16 Q. OKAY. BUT AT THE TIME YOU WORKED THERE -- I THINK YOU

12:38PM 17 WORKED THERE FOR 29 YEARS?

12:38PM 18 A. YES.

12:38PM 19 Q. AND WHILE YOU WORKED THERE, I THINK YOU UNDERSTAND IT HAD

12:38PM 20 THOUSANDS AND THOUSANDS OF STORES IN THE UNITED STATES?

12:38PM 21 A. THAT'S CORRECT.

12:38PM 22 Q. AND AT SOME POINT IT MERGED WITH A EUROPEAN COMPANY CALLED

12:38PM 23 BOOTS ALLIANCE?

12:38PM 24 A. IT DID.

12:38PM 25 Q. AND AMONG OTHER THINGS THEY OPERATE THE BOOTS PHARMACIES

12:38PM 1 IN THE UNITED KINGDOM, FOR EXAMPLE?

12:38PM 2 A. THAT'S RIGHT.

12:38PM 3 Q. AND THAT MEANT THERE WERE EVEN MORE STORES AROUND THE  
12:38PM 4 WORLD THAT BOOTS AND WALGREENS HAD TOGETHER; RIGHT?

12:39PM 5 A. CORRECT.

12:39PM 6 Q. WALGREENS HAD BEEN IN BUSINESS AT LEAST FOR THE 29 YEARS  
12:39PM 7 YOU WERE WORKING THERE, BUT EVEN BEFORE THAT; RIGHT?

12:39PM 8 A. YES.

12:39PM 9 Q. SO IN TERMS OF THE RETAIL EXPERIENCE THAT WALGREENS  
12:39PM 10 BROUGHT TO THE THERANOS PARTNERSHIP, IT WAS MASSIVE; RIGHT?

12:39PM 11 A. THE RETAIL PHARMACY WAS --- THAT WAS OUR CORE BUSINESS.

12:39PM 12 Q. RIGHT. AND YOU UNDERSTOOD THAT THERANOS DIDN'T HAVE ANY  
12:39PM 13 RETAIL PHARMACY EXPERIENCE?

12:39PM 14 A. THAT'S RIGHT.

12:39PM 15 Q. SO THAT WAS ONE OF THE VALUES, OR VALUE ADDS, IF YOU WILL,  
12:39PM 16 THAT WALGREENS BROUGHT TO THE PARTNERSHIP; RIGHT?

12:39PM 17 A. THAT'S RIGHT.

12:39PM 18 Q. OKAY. LET'S TALK ABOUT SOME OF THE DUE DILIGENCE.

12:39PM 19 MR. SCHENK: YOUR HONOR, I'M GOING TO OBJECT TO THE  
12:39PM 20 DUE DILIGENCE LINE OF QUESTIONS. I THINK THAT'S NOT RELEVANT.

12:39PM 21 THE COURT: ARE YOU ASKING WHAT HE DID IN REGARDS TO  
12:39PM 22 HIS RELATIONSHIP WITH THERANOS? IS THAT WHAT YOU'RE ASKING  
12:39PM 23 HERE?

12:39PM 24 MR. COOPERSMITH: IN PART, YOUR HONOR.

12:39PM 25 BUT I DO HAVE SOME DOCUMENTS THAT I THINK WILL CLARIFY



12:39PM 1 WHAT MR. JHAVERI KNOWS.

12:39PM 2 THE COURT: OKAY. ALL RIGHT. SURE. WHY DON'T YOU

12:40PM 3 GO AHEAD?

12:40PM 4 MR. COOPERSMITH: THANK YOU, YOUR HONOR.

12:40PM 5 Q. IF YOU COULD TURN IN YOUR BINDER, MR. JHAVERI, TO

12:40PM 6 EXHIBIT 20531.

12:40PM 7 A. THAT'S IN VOLUME 1?

12:40PM 8 Q. IT SHOULD BE, YES.

12:40PM 9 A. WOULD YOU SAY THE NUMBER, PLEASE, AGAIN.

12:40PM 10 Q. 20531.

12:40PM 11 A. OKAY.

12:40PM 12 Q. OKAY. AND YOU SEE THAT EXHIBIT 20531 IS AN EMAIL FROM

12:40PM 13 WADE MIQUELON TO GREG WASSON AT THE TOP?

12:40PM 14 A. YES.

12:40PM 15 Q. DATED NOVEMBER 19TH, 2013?

12:41PM 16 A. YES.

12:41PM 17 Q. AND IF YOU GO TO THE SECOND PAGE, YOU SEE THERE'S AN EMAIL

12:41PM 18 FROM JAY ROSAN TO A WHOLE GROUP OF PEOPLE.

12:41PM 19 DO YOU SEE THAT?

12:41PM 20 A. YES, I DO.

12:41PM 21 Q. AND ONE OF THE PEOPLE, AMONG THE LARGE GROUP, IS YOURSELF,

12:41PM 22 MR. JHAVERI; RIGHT?

12:41PM 23 A. THAT'S CORRECT.

12:41PM 24 Q. AND THIS WAS ALSO DATED NOVEMBER 19, 2013?

12:41PM 25 A. YES.

12:41PM 1 Q. AND THE EMAIL RELATES TO STRATEGIC PARTNERSHIPS BETWEEN

12:41PM 2 WALGREENS AND JOHNS HOPKINS?

12:41PM 3 A. THAT'S CORRECT.

12:41PM 4 Q. OKAY. MR. JHAVERI, WHO WAS -- I MENTIONED WADE MIQUELON,

12:41PM 5 WHO WAS AT THE VERY TOP IN THE FIRST EMAIL. WHO WAS

12:41PM 6 MR. MIQUELON?

12:41PM 7 A. MR. MIQUELON WAS THE CHIEF FINANCIAL OFFICER FOR WALGREENS

12:41PM 8 AT THE TIME.

12:41PM 9 Q. OKAY. AND THEN IT ALSO HAS GREG WASSON.

12:41PM 10 WHO IS GREG WASSON AT WALGREENS?

12:41PM 11 A. SO GREG WASSON WAS THE CEO AT THE TIME.

12:41PM 12 Q. THE CHIEF EXECUTIVE OFFICER OF WALGREENS?

12:42PM 13 A. CORRECT.

12:42PM 14 Q. AND THEN THE EMAIL, THE SECOND EMAIL ON THE PAGE IS FROM

12:42PM 15 JAY ROSAN.

12:42PM 16 DO YOU KNOW WHO DR. ROSAN IS?

12:42PM 17 A. I DO.

12:42PM 18 Q. AND WHO IS DR. ROSAN?

12:42PM 19 A. SO DR. ROSAN WAS, AS I MENTIONED EARLIER, HE WAS IN CHARGE

12:42PM 20 OF OUR HEALTH CARE INNOVATION TEAM. SO HE LOOKED AT NEW HEALTH

12:42PM 21 CARE INNOVATIONS THAT THE COMPANY CAN ENGAGE IN.

12:42PM 22 Q. AND WAS HE A MEDICAL DOCTOR?

12:42PM 23 A. HE WAS A MEDICAL DOCTOR.

12:42PM 24 Q. DO YOU UNDERSTAND THAT DR. ROSAN WAS INVOLVED WITH THE

12:42PM 25 THERANOS PROJECT AT WALGREENS?

12:42PM 1 A. YES, HE WAS.

12:42PM 2 Q. BUT DR. ROSAN WORKED FOR WALGREENS?

12:42PM 3 A. YES.

12:42PM 4 Q. OKAY. IF YOU WOULD TURN TO PAGE 3 OF THE EXHIBIT THAT

12:42PM 5 WE'RE LOOKING AT.

12:42PM 6 A. YES.

12:42PM 7 Q. DO YOU SEE THERE'S A SECTION ABOUT THE PARTNERSHIP WITH

12:42PM 8 JOHNS HOPKINS BRINGING ADDED VALUE TO WALGREENS?

12:43PM 9 IT'S TOWARDS THE BOTTOM, MR. JHAVERI.

12:43PM 10 A. YES, I SEE IT.

12:43PM 11 Q. AND THEN THERE'S A MENTION OF THERANOS IN THAT SECTION?

12:43PM 12 A. YES, I DO.

12:43PM 13 MR. COOPERSMITH: YOUR HONOR, WE OFFER

12:43PM 14 EXHIBIT 20531.

12:43PM 15 MR. SCHENK: RELEVANCE.

12:43PM 16 MR. COOPERSMITH: IT SPEAKS DIRECTLY, YOUR HONOR, TO

12:43PM 17 WALGREENS WORKING WITH JOHNS HOPKINS ON EVALUATING THERANOS'S

12:43PM 18 TECHNOLOGY. I THINK IT'S DIRECTLY RELEVANT TO THE ISSUES AT

12:43PM 19 HAND.

12:43PM 20 THE COURT: TO JOHNS HOPKINS?

12:43PM 21 MR. COOPERSMITH: IT'S RELEVANT TO WALGREENS AND

12:43PM 22 THERANOS BECAUSE IT'S DISCUSSING WALGREENS'S USE OF

12:43PM 23 JOHNS HOPKINS TO HELP EVALUATE THE TECHNOLOGY. SO IT'S

12:43PM 24 DIRECTLY RELEVANT.

12:43PM 25 THE COURT: MAYBE YOU NEED TO LAY A FOUNDATION FOR

12:43PM 1 THAT.

12:43PM 2 MR. COOPERSMITH: OKAY. I CAN DO THAT, YOUR HONOR.

12:43PM 3 THANK YOU.

12:43PM 4 Q. SO LOOKING AT THE SAME PAGE, MR. JHAVERI, PAGE 20531 --

12:44PM 5 I'M SORRY, IT'S EXHIBIT 20531, PAGE 3. DO YOU STILL HAVE THAT

12:44PM 6 IN FRONT OF YOU? DO YOU STILL HAVE THAT IN FRONT OF YOU?

12:44PM 7 A. YES, I DO.

12:44PM 8 Q. THANK YOU.

12:44PM 9 AND THEN AT THE BOTTOM, DO YOU SEE THERE'S A SECTION ABOUT

12:44PM 10 DISRUPTIVE INNOVATION ASSESSMENTS?

12:44PM 11 A. I DO.

12:44PM 12 Q. AND THIS EMAIL IS DISCUSSING JOHNS HOPKINS REVIEWING

12:44PM 13 CUTTING EDGE TECHNOLOGIES, INCLUDING THERANOS TECHNOLOGY; IS

12:44PM 14 THAT RIGHT?

12:44PM 15 A. THAT'S CORRECT.

12:44PM 16 Q. AND YOU RECEIVED THIS EMAIL IN NOVEMBER OF 2013?

12:44PM 17 A. THAT'S CORRECT.

12:44PM 18 Q. AND THAT WAS AROUND THE TIME OF THE WALGREENS LAUNCH WITH

12:44PM 19 THERANOS?

12:44PM 20 A. THAT'S RIGHT.

12:44PM 21 Q. AND YOU REVIEWED THE EMAIL WHEN YOU RECEIVED IT?

12:44PM 22 A. I DID.

12:44PM 23 MR. COOPERSMITH: YOUR HONOR, WE OFFER 20531.

12:44PM 24 MR. SCHENK: SAME OBJECTION.

12:45PM 25 THE COURT: WELL, I'M NOT CERTAIN YOU'VE LAID A

12:45PM 1 FOUNDATION. I'LL ALLOW IT IN AND ALLOW SOME QUESTIONING ON IT,  
12:45PM 2 BUT --

12:45PM 3 MR. COOPERSMITH: OKAY. THANK YOU, YOUR HONOR.

12:45PM 4 (DEFENDANT'S EXHIBIT 20531 WAS RECEIVED IN EVIDENCE.)

12:45PM 5 BY MR. COOPERSMITH:

12:45PM 6 Q. LET'S LOOK AT THE FIRST PAGE JUST TO ORIENT OURSELVES.

12:45PM 7 YOU SEE THAT'S THE TOP EMAIL THAT WE WERE JUST DISCUSSING

12:45PM 8 BETWEEN THE CFO, MR. MIQUELON, AND THE CEO, MR. WASSON?

12:45PM 9 A. YES.

12:45PM 10 Q. AND THEN BELOW THAT WE HAVE THAT EMAIL FROM DR. ROSAN.

12:45PM 11 DO YOU SEE THAT?

12:45PM 12 A. I DO.

12:45PM 13 Q. AND THEN JUST TO SHOW EVERYONE, YOU SEE YOUR NAME THERE,

12:45PM 14 MR. JHAVERI?

12:45PM 15 A. YES.

12:45PM 16 Q. AND THERE'S A WHOLE BUNCH OF OTHER PEOPLE WHO WERE

12:45PM 17 WALGREENS EMPLOYEES ON THIS EMAIL AS WELL.

12:45PM 18 DO YOU SEE THAT?

12:45PM 19 A. YES.

12:45PM 20 Q. OKAY. AND THEN IF YOU GO DOWN TOWARDS THE BOTTOM OF THE

12:45PM 21 FIRST PAGE, DO YOU SEE HOW IT HAS A HEADING WALGREENS AND

12:45PM 22 JOHNS HOPKINS STRATEGIC PARTNERSHIP?

12:45PM 23 A. YES, I DO.

12:45PM 24 Q. AND IT SAYS AFTER THAT IN BOLD, "WHY JOHNS HOPKINS AS A

12:45PM 25 NATIONAL AND INTERNATIONAL PARTNER FOR WALGREENS?"

12:46PM 1 DO YOU SEE THAT?

12:46PM 2 A. YES, I DO.

12:46PM 3 Q. AND THEN IT SAYS, "OUR NATION'S NUMBER 1 HOSPITAL BY U.S.

12:46PM 4 NEWS AND WORLD REPORT -- THE ONLY HOSPITAL RANKED NUMBER 1 FOR

12:46PM 5 21 CONSECUTIVE YEARS."

12:46PM 6 THAT'S REFERRING TO JOHNS HOPKINS.

12:46PM 7 DO YOU SEE THAT?

12:46PM 8 A. YES.

12:46PM 9 Q. AND YOU UNDERSTOOD THAT JOHNS HOPKINS WAS A WORLD CLASS,

12:46PM 10 WORLD LEADING MEDICAL CENTER BASED IN MARYLAND?

12:46PM 11 A. YES, I DID.

12:46PM 12 Q. AND WALGREENS HAD A RELATIONSHIP WITH JOHNS HOPKINS?

12:46PM 13 A. WE DID.

12:46PM 14 Q. AND PART OF THE RELATIONSHIP WAS TO HELP WALGREENS

12:46PM 15 UNDERSTAND DIFFERENT TYPES OF BUSINESSES IN THE HEALTH CARE

12:46PM 16 SPACE; IS THAT FAIR?

12:46PM 17 A. THAT IS FAIR.

12:46PM 18 Q. OKAY. GOING TO THAT PAGE 3 THAT WE WERE TALKING ABOUT A

12:46PM 19 FEW MINUTES AGO, DO YOU SEE HOW IT SAYS THE HEADING AT THE TOP,

12:46PM 20 "PARTNERSHIP WITH JOHNS HOPKINS BRINGS ADDED VALUE TO

12:46PM 21 WALGREENS."

12:46PM 22 IF YOU SCROLL DOWN?

12:46PM 23 A. YES.

12:46PM 24 Q. RIGHT. AND THEN IT HAS A NUMBER OF DIFFERENT THINGS THAT

12:46PM 25 JOHNS HOPKINS WAS DOING WITH WALGREENS.

12:47PM 1 DO YOU SEE THAT?

12:47PM 2 A. YES.

12:47PM 3 Q. AND THEN ONE OF THEM IS "DISRUPTIVE INNOVATION  
12:47PM 4 ASSESSMENTS."

12:47PM 5 AND THEN IT READS, "TOP RESEARCHER AND/OR CLINICIANS FROM  
12:47PM 6 JH," JOHNS HOPKINS, "REVIEWED CUTTING EDGE TECHNOLOGIES FOR  
12:47PM 7 WALGREENS PRIOR TO INVESTMENT AND DEVELOPMENT."

12:47PM 8 DO YOU SEE THAT?

12:47PM 9 A. YES.

12:47PM 10 Q. AND "THESE INCLUDE:" AND THERE IS A BULLET POINT,  
12:47PM 11 "THERANOS LABORATORY TECHNOLOGY."

12:47PM 12 DO YOU SEE THAT?

12:47PM 13 A. UH-HUH.

12:47PM 14 Q. AND THAT'S WHAT HAPPENED; RIGHT? JOHNS HOPKINS REVIEWED  
12:47PM 15 THERANOS'S LABORATORY TECHNOLOGY FOR WALGREENS; IS THAT  
12:47PM 16 CORRECT?

12:47PM 17 A. THAT'S CORRECT.

12:47PM 18 Q. IF YOU TURN IN YOUR BINDER TO 20553. I'M SORRY, 20532 IS  
12:48PM 19 THE FIRST ONE WE'LL LOOK AT.

12:48PM 20 A. YES, I HAVE IT.

12:48PM 21 Q. YOU FOUND IT BEFORE I DID, MR. JHAVERI. ONE SECOND.

12:48PM 22 OKAY. DO YOU SEE EXHIBIT 20532 IS AN EMAIL -- LET'S TALK  
12:48PM 23 ABOUT THE SECOND EMAIL IN THE PAGE.

12:48PM 24 IT'S FROM HARRY LEIDER --

12:48PM 25 A. YES.

12:48PM 1 Q. -- AT WALGREENS TO A GROUP OF PEOPLE, INCLUDING YOURSELF.

12:48PM 2 DO YOU SEE THAT?

12:48PM 3 A. YES, I DO.

12:48PM 4 Q. AND HARRY LEIDER -- THAT'S DR. LEIDER; IS THAT RIGHT?

12:48PM 5 A. THAT'S CORRECT. HE WAS THE CHIEF MEDICAL OFFICER AT THE

12:48PM 6 TIME.

12:48PM 7 Q. OKAY. CHIEF MEDICAL OFFICER AT WALGREENS?

12:48PM 8 A. CORRECT.

12:48PM 9 Q. AND THE OTHER PEOPLE ON THIS STRING, BRADLEY FLUEGEL, CAN

12:48PM 10 YOU TELL US WHO HE WAS?

12:49PM 11 A. YES, MR. FLUEGEL WAS THE SENIOR V.P. OF -- I DON'T KNOW

12:49PM 12 THE EXACT TITLE, BUT HE WAS MY BOSS AT THE TIME.

12:49PM 13 Q. OKAY. SO DURING THE TIME THAT YOU WERE WORKING WITH

12:49PM 14 THERANOS ON THE PARTNERSHIP, WERE YOU AT ALL TIMES REPORTING TO

12:49PM 15 MR. FLUEGEL?

12:49PM 16 A. NO. AT ONE POINT I WAS REPORTING TO BRAD WASSON, AND THEN

12:49PM 17 MR. WASSON HAD RETIRED, AND MR. FLUEGEL HAD THEN TAKEN OVER THE

12:49PM 18 ENTIRE AREA.

12:49PM 19 Q. OKAY. SO IS MR. BRAD WASSON AND GREG WASSON RELATED?

12:49PM 20 A. THEY'RE BROTHERS.

12:49PM 21 Q. SO BRAD WASSON LEFT WALGREENS BEFORE GREG WASSON DID; IS

12:49PM 22 THAT RIGHT?

12:49PM 23 A. NO. IT WAS GREG WASSON LEFT THE COMPANY BEFORE, AND THEN

12:49PM 24 BRAD WASSON RETIRED AFTERWARDS.

12:49PM 25 Q. OKAY. I UNDERSTAND. THANK YOU.



12:49PM 1 WELL, LET'S GO BACK TO EXHIBIT 20532.

12:49PM 2 DO YOU SEE THAT THERE'S -- IF YOU GO TO THE SECOND PAGE,

12:50PM 3 IN THE FIRST BULLET EMAIL ON THAT PAGE, THERE'S A REFERENCE TO

12:50PM 4 AN ATTACHED REPORT ON THERANOS.

12:50PM 5 DO YOU SEE THAT?

12:50PM 6 A. YES, SIR.

12:50PM 7 Q. AND THEN IF YOU GO TO PAGE 3 AND 4 OF THE EXHIBIT, DO YOU

12:50PM 8 SEE THAT THAT'S A DOCUMENT FROM JOHNS HOPKINS?

12:50PM 9 DO YOU SEE THAT?

12:50PM 10 A. YES.

12:50PM 11 Q. OKAY. AND YOU RECEIVED THIS REPORT IN THE EMAIL FROM

12:50PM 12 DR. LEIDER AROUND JANUARY 2ND, 2016; IS THAT RIGHT?

12:50PM 13 A. YES.

12:50PM 14 Q. BUT THE REPORT ITSELF FROM JOHNS HOPKINS ACTUALLY GOES

12:50PM 15 BACK TO APRIL 2010; IS THAT RIGHT?

12:50PM 16 A. YES, APRIL 27TH, 2010.

12:50PM 17 Q. AND THE JOHNS HOPKINS REPORT RELATES TO THE THERANOS

12:50PM 18 TECHNOLOGY; IS THAT RIGHT?

12:50PM 19 A. YES.

12:51PM 20 MR. COOPERSMITH: YOUR HONOR, WE OFFER 20532.

12:51PM 21 MR. SCHENK: NO OBJECTION.

12:51PM 22 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

12:51PM 23 (DEFENDANT'S EXHIBIT 20532 WAS RECEIVED IN EVIDENCE.)

12:51PM 24 BY MR. COOPERSMITH:

12:51PM 25 Q. LET'S TAKE A LOOK AT THE DOCUMENT. AT THE TOP -- THIS IS

12:51PM 1 THE COVER EMAIL, AND SO IF WE CAN LOOK AT THAT FIRST. THAT'S

12:51PM 2 THE EMAIL I WAS REFERRING TO FROM MR. FLUEGEL AND TO YOURSELF

12:51PM 3 AND ALSO JAN REED?

12:51PM 4 A. YES.

12:51PM 5 Q. AND WHO WAS JAN REED?

12:51PM 6 A. JAN REED WAS OUR CHIEF COUNSEL.

12:51PM 7 Q. OKAY. IF YOU GO TO PAGE 3 OF THE DOCUMENT -- I'M SORRY,

12:51PM 8 PAGE 2. THERE'S A REFERENCE, "HARRY, GREAT SEEING YOU

12:51PM 9 RECENTLY. AS YOU REQUESTED, PLEASE FIND THE ATTACHED REPORT ON

12:51PM 10 THERANOS WHICH AS OUTLINED WAS A REVIEW OF THE PROPRIETARY DATA

12:51PM 11 SHARED DURING THE DISCUSSION WITH OUR FACULTY."

12:51PM 12 DO YOU SEE THAT?

12:52PM 13 A. YES.

12:52PM 14 Q. AND THEN IF YOU GO TO PAGE 3 OF THE EXHIBIT, THAT'S THE

12:52PM 15 JOHNS HOPKINS REPORT, AT LEAST THE FIRST PAGE OF IT; RIGHT?

12:52PM 16 A. THAT'S CORRECT.

12:52PM 17 Q. AND IT REFLECTS A SUMMARY OF HOPKINS, WALGREENS, THERANOS

12:52PM 18 MEETING ON APRIL 27TH, 2010?

12:52PM 19 A. THAT'S CORRECT.

12:52PM 20 Q. AND WALGREENS HIRED JOHNS HOPKINS; IS THAT RIGHT?

12:52PM 21 A. YES, IT WAS A PARTNERSHIP.

12:52PM 22 Q. AND WALGREENS HAD, AS WE SAID, WE'VE DISCUSSED BEFORE,

12:52PM 23 WALGREENS HIRED JOHNS HOPKINS FOR A NUMBER OF DIFFERENT

12:52PM 24 PROJECTS AND PURPOSES?

12:52PM 25 A. I JUST WANT TO CLARIFY, WE DIDN'T HIRE THEM. IT WAS A

12:52PM 1 PARTNERSHIP TO DO INNOVATION. WE BUILT A STORE, A WELL  
12:52PM 2 EXPERIENCE STORE ON THEIR CAMPUS FOR THEIR STUDENTS.  
12:52PM 3 SO IT WAS A COLLABORATION TO DO INNOVATIVE THINGS IN THE  
12:52PM 4 SPACE OF HEALTH CARE.  
12:52PM 5 Q. OKAY. IT WAS A PARTNERSHIP RATHER THAN SIMPLY HIRING  
12:52PM 6 THEM?  
12:52PM 7 A. CORRECT.  
12:52PM 8 Q. THANK YOU FOR THAT CLARIFICATION.  
12:52PM 9 BUT IN ANY EVENT, WALGREENS RELIED ON JOHNS HOPKINS FOR A  
12:53PM 10 NUMBER OF DIFFERENT PROJECTS THAT IT WANTED JOHNS HOPKINS'S  
12:53PM 11 HELP WITH; IS THAT FAIR?  
12:53PM 12 A. YES.  
12:53PM 13 Q. AND ONE OF THEM WAS THERANOS?  
12:53PM 14 A. CORRECT.  
12:53PM 15 Q. AND IF YOU GO TO THE REPORT, LET'S LOOK AT THE PEOPLE WHO  
12:53PM 16 WERE INVOLVED.  
12:53PM 17 DO YOU SEE THERE'S A DR. FREDERICK BRANCATI.  
12:53PM 18 DO YOU SEE THAT?  
12:53PM 19 A. I DO.  
12:53PM 20 Q. AND HE'S A PROFESSOR OF MEDICINE AND EPIDEMIOLOGY AND  
12:53PM 21 DIRECTOR DIVISION OF GENERAL INTERNAL MEDICINE AND DIRECTOR  
12:53PM 22 DIABETES PREVENTION AND CONTROL CARE.  
12:53PM 23 DO YOU SEE THAT?  
12:53PM 24 A. I DO.  
12:53PM 25 Q. AND THERE'S A DR. THOMAS KICKER?

12:53PM 1 DO YOU SEE THAT?

12:53PM 2 A. YES.

12:53PM 3 Q. PROFESSOR OF MEDICINE AND DIRECTOR OF HEMATOLOGY  
12:53PM 4 LABORATORY.

12:53PM 5 DO YOU SEE THAT?

12:53PM 6 A. YES.

12:53PM 7 Q. AND DR. WILLIAM CLARK, ASSOCIATE PROFESSOR OF PATHOLOGY,  
12:53PM 8 DIRECTOR OF CLINICAL PATHOLOGY LABORATORY.

12:53PM 9 DO YOU SEE THAT?

12:53PM 10 A. YES, I DO.

12:53PM 11 Q. AND THERE WAS MARK SHAVER, WHO WAS HEAD OF STRATEGIC  
12:53PM 12 ALLIANCES, JOHNS HOPKINS MEDICINE INTERNATIONAL.

12:53PM 13 DO YOU SEE THAT?

12:53PM 14 A. YES.

12:53PM 15 Q. AND THEN BASSAM SAYAD, MANAGING DIRECTOR JOHNS HOPKINS  
12:54PM 16 MEDICINE INTERNATIONAL, FORMERLY SENIOR STAFF JOHNS HOPKINS  
12:54PM 17 CLINICAL PATHOLOGY.

12:54PM 18 DO YOU SEE THAT?

12:54PM 19 A. YES.

12:54PM 20 Q. AND THEN FROM THE WALGREENS SIDE, THERE WAS DR. JAY ROSAN,  
12:54PM 21 WHO WAS A PARTICIPANT FROM WALGREENS.

12:54PM 22 DO YOU SEE THAT?

12:54PM 23 A. YES.

12:54PM 24 Q. AND WE ALREADY DISCUSSED WHO DR. ROSAN WAS; RIGHT?

12:54PM 25 A. CORRECT.

12:54PM 1 Q. AND THEN FROM THERANOS YOU HAD ELIZABETH HOLMES, THE  
12:54PM 2 PRESIDENT AND CEO OF THERANOS, AND SUNNY BALWANI, THE VICE  
12:54PM 3 CHAIRMAN OF THERANOS?

12:54PM 4 A. YES.

12:54PM 5 Q. AND DO YOU UNDERSTAND THAT AT THAT TIME MR. BALWANI DID  
12:54PM 6 NOT HAVE THE TITLE OF CHIEF OPERATING OFFICER YET?

12:54PM 7 A. I WAS NOT AWARE OF THAT.

12:54PM 8 Q. AND THEN FROM SOMETHING CALLED INNOSIGHT THERE'S  
12:54PM 9 ERIKA JOHNSON.

12:54PM 10 DO YOU SEE THAT?

12:54PM 11 A. I DO.

12:54PM 12 Q. AND DO YOU KNOW WHO THAT IS?

12:54PM 13 A. ERIKA JOHNSON WAS ONE OF THE CONSULTANTS FROM INNOSIGHT  
12:54PM 14 THAT WE USED FROM TIME TO TIME FOR PROJECTS.

12:54PM 15 Q. OKAY. SO THE PEOPLE ON THE TOP, THE PEOPLE FROM  
12:54PM 16 JOHNS HOPKINS, THOSE PARTICIPANTS, THOSE ARE ALL -- OR AT LEAST  
12:55PM 17 THREE OF THEM ARE PHYSICIANS AT JOHNS HOPKINS?

12:55PM 18 A. THAT'S RIGHT.

12:55PM 19 Q. AND THEN THE MEETING OBJECTIVES, LET'S GO DOWN TO THAT.

12:55PM 20 IT SAYS, "HOPKINS TEAM WAS ASKED TO COMMENT ON VALIDITY  
12:55PM 21 AND USEFULNESS OF THERANOS PRODUCT, SPECIFICALLY RELATED TO THE  
12:55PM 22 SCIENCE THAT SUPPORTS THE TECHNOLOGY AND THE APPLICATION OF THE  
12:55PM 23 TECHNOLOGY IN A VARIETY OF SETTINGS INCLUDING HOSPITAL, CLINIC,  
12:55PM 24 LABORATORY, AND POTENTIALLY WITHIN WALGREENS AS AN ADD ON TO  
12:55PM 25 THE CLINICAL PROGRAMS AND RETAIL PHARMACY BUSINESS THAT

12:55PM 1 CURRENTLY EXISTS."

12:55PM 2 DO YOU SEE THAT?

12:55PM 3 A. I DO.

12:55PM 4 Q. AND THEN BELOW THAT IT TALKS ABOUT THE METHODOLOGY. AND

12:55PM 5 IT READS: "THE HOPKINS TEAM REVIEWED PROPRIETARY DATA ON TEST

12:55PM 6 PERFORMANCE FOR ROUTINE TESTS (CLINICAL PATHOLOGY, HEMATOLOGY)

12:55PM 7 AND SPECIAL TESTS (EG TUMOR MARKERS) ."

12:55PM 8 DO YOU SEE THAT?

12:55PM 9 A. YES.

12:55PM 10 Q. AND GOING ON WITH THE METHODOLOGY, THE SECOND BULLET SAYS,

12:55PM 11 "THERANOS PRESENTED ADDITIONAL DATA ON TECHNOLOGY, TEST

12:56PM 12 PERFORMANCE, AND BUSINESS INVESTIGATION -- AND DEMONSTRATED

12:56PM 13 TECHNOLOGY ON SITE."

12:56PM 14 DO YOU SEE THAT?

12:56PM 15 A. YES, I DO.

12:56PM 16 Q. AND THEN BELOW THAT IT SAYS, "DR. ROSAN COMMENTED ON

12:56PM 17 WALGREENS PRELIMINARY STRATEGY TO EXPLORE EXPANDING INTO THE

12:56PM 18 LABORATORY SPACE, EXPANDING ITS HEALTH SERVICES OFFERINGS TO

12:56PM 19 INCLUDE LAB AND PATHOLOGY TESTING WITHIN WALGREENS RETAIL

12:56PM 20 SPACE."

12:56PM 21 DO YOU SEE THAT?

12:56PM 22 A. YES.

12:56PM 23 Q. AND DO YOU UNDERSTAND THAT THIS WAS VERY EARLY IN THE

12:56PM 24 RELATIONSHIP BETWEEN WALGREENS AND THERANOS AND THE CONCEPT WAS

12:56PM 25 TO EVALUATE THERANOS WITH JOHNS HOPKINS'S HELP.

12:56PM 1 THAT WAS THE PURPOSE OF THIS; RIGHT?

12:56PM 2 A. THAT'S CORRECT.

12:56PM 3 Q. OKAY. THANK YOU.

12:56PM 4 AND THIS WAS EVEN BEFORE THE INITIAL CONTRACT WAS SIGNED  
12:56PM 5 BETWEEN THERANOS AND WALGREENS?

12:56PM 6 A. THAT'S CORRECT.

12:56PM 7 Q. IF YOU GO TO THE NEXT PAGE, THIS HEADING REPORTS ON KEY  
12:57PM 8 FINDINGS.

12:57PM 9 DO YOU SEE THAT?

12:57PM 10 A. I DO.

12:57PM 11 Q. AND IT SAYS, "BASED ON THIS EVALUATION, THE CONSENSUS OF  
12:57PM 12 THE HOPKINS TEAM WAS AS FOLLOWS."

12:57PM 13 AND THEN THE FIRST BULLET SAYS, "THE TECHNOLOGY IS NOVEL  
12:57PM 14 AND SOUND. IT CAN ACCURATELY RUN A WIDE RANGE OF ROUTINE AND  
12:57PM 15 SPECIAL ASSAYS."

12:57PM 16 DO YOU SEE THAT?

12:57PM 17 A. YES.

12:57PM 18 Q. AND THEN GOING ON WITH THE CONSENSUS OF THE HOPKINS TEAM,  
12:57PM 19 IT SAYS, "THE TECHNOLOGY IS SIMPLE ENOUGH TO BE USED BY  
12:57PM 20 NON-SPECIALISTS IN THE FIELD."

12:57PM 21 DO YOU SEE THAT?

12:57PM 22 A. YES.

12:57PM 23 Q. AND THEN IT HAS ANOTHER BULLET READING, "SPECIAL STRENGTHS  
12:57PM 24 OF THE TECHNOLOGY INCLUDE:"

12:57PM 25 AND THE FIRST ONE IS "ACCURACY."

12:57PM 1 DO YOU SEE THAT?

12:57PM 2 A. YES.

12:57PM 3 Q. AND "MINIATURIZATION."

12:57PM 4 DO YOU SEE THAT?

12:57PM 5 A. YES.

12:57PM 6 Q. "FLEXIBILITY (CAN BE TAILORED TO NEEDS OF VARIETY OF  
12:57PM 7 CLINICAL VENUES)."

12:57PM 8 DO YOU SEE THAT?

12:58PM 9 A. YES.

12:58PM 10 Q. CONNECTIVITY IS ANOTHER SPECIAL STRENGTH, "(CONNECTION TO  
12:58PM 11 CENTRALIZED CONTROL VIA WIRELESS/WEB ENHANCES QC AND POPULATION  
12:58PM 12 BASED ANALYSIS.)"

12:58PM 13 DO YOU SEE THAT?

12:58PM 14 A. YES.

12:58PM 15 Q. AND ADAPTABILITY FOR RESEARCH IS THE NEXT ONE.

12:58PM 16 DO YOU SEE THAT?

12:58PM 17 A. YES.

12:58PM 18 Q. AND COST PER STUDY WAS STATED TO BE SIGNIFICANTLY LOWER  
12:58PM 19 THAN CURRENTLY AVAILABLE ON THE COMMERCIAL MARKET.

12:58PM 20 DO YOU SEE THAT?

12:58PM 21 A. YES, I DO.

12:58PM 22 Q. AND PAUSING ON THAT ONE FOR A MINUTE, ONE OF THE THINGS  
12:58PM 23 THAT YOU WERE HOPING THERANOS WOULD BRING TO BEAR WAS TO HAVE  
12:58PM 24 LOWER COST BLOOD TESTS; RIGHT?

12:58PM 25 A. THAT'S CORRECT.



12:58PM 1 Q. WHICH WOULD BE HELPFUL TO PATIENTS?

12:58PM 2 A. IT WOULD BE HELPFUL TO PATIENTS AND TO THE HEALTH CARE  
12:58PM 3 SYSTEM.

12:58PM 4 WHEN MR. BALWANI AND I DISCUSSED IT EARLY ON, THE IDEA WAS  
12:58PM 5 TO HAVE IT BE ALMOST 50 PERCENT OF THE CURRENT MEDICARE COSTS  
12:58PM 6 FOR LAB WORK.

12:58PM 7 SO THE COST IS VERY BENEFICIAL FOR NOT ONLY THE SYSTEM,  
12:58PM 8 BUT FOR THE PATIENTS.

12:58PM 9 Q. AND ANOTHER THING REGARDING THE PRICE OF THE BLOOD TESTS  
12:58PM 10 WOULD BE TO HAVE TRANSPARENCY SO PEOPLE WOULD KNOW WHAT THE  
12:58PM 11 COST WAS GOING IN TO GET THEIR TEST AT WALGREENS; RIGHT?

12:59PM 12 A. THAT'S RIGHT.

12:59PM 13 Q. LET'S GO ON WITH THE EXHIBIT 20532.

12:59PM 14 THEN IT SAYS, AFTER THE SPECIAL STRENGTHS BULLET, IT SAYS,  
12:59PM 15 "THE HOPKINS TEAM THOUGHT THAT THE TECHNOLOGY WOULD BE USEFUL  
12:59PM 16 IN THE RETAIL CLINIC SETTING WITH THE PROVISIO THAT THE  
12:59PM 17 THROUGHPUT FOR AN INDIVIDUAL SAMPLE (30-45 MINUTES) WOULD  
12:59PM 18 REQUIRE MULTIPLE UNITS PER SITE AND IMPOSE AN UPPER LIMIT FOR  
12:59PM 19 GROUP THROUGHPUT."

12:59PM 20 DO YOU SEE THAT?

12:59PM 21 A. I DO.

12:59PM 22 Q. AND THIS THROUGHPUT ISSUE, THAT RELATED TO HOW FAST A  
12:59PM 23 THERANOS DEVICE, SUCH AS AN EDISON, COULD RUN A TEST; IS THAT  
12:59PM 24 FAIR?

12:59PM 25 A. IT IS.

12:59PM 1 I JUST WANT TO MAKE ONE CLARIFICATION. THE UNITS WERE  
12:59PM 2 NEVER PUT INSIDE OF A RETAIL STORE.

12:59PM 3 Q. YES, THANK YOU, MR. JHAVERI. WE'LL GET TO THAT.

12:59PM 4 A. OKAY.

12:59PM 5 Q. IN FACT, I'LL JUST ASK YOU RIGHT NOW SINCE THAT WAS ON  
12:59PM 6 YOUR MIND.

12:59PM 7 IN FACT, WHAT ACTUALLY HAPPENED WHEN THE WALGREENS AND  
12:59PM 8 THERANOS PARTNERSHIP ROLLED OUT IN THE FALL OF '13 WAS THAT  
01:00PM 9 BLOOD SAMPLES WERE COLLECTED AT WALGREENS STORES, BUT SHIPPED  
01:00PM 10 TO A CENTRAL LAB WHICH THERANOS OPERATED?

01:00PM 11 A. THAT'S CORRECT.

01:00PM 12 Q. OKAY. AND AS YOU JUST SAID, THE DEVICES THEMSELVES WERE  
01:00PM 13 NEVER PUT INTO THE WALGREENS STORES?

01:00PM 14 A. THAT'S RIGHT.

01:00PM 15 Q. AND YOU KNOW THAT THE REASON FOR THAT WAS VARIOUS  
01:00PM 16 DISCUSSIONS BETWEEN WALGREENS AND THERANOS ABOUT WHETHER THAT  
01:00PM 17 WAS DOABLE FROM AN OPERATIONAL AND REGULATORY PERSPECTIVE?

01:00PM 18 A. THAT'S CORRECT.

01:00PM 19 Q. AND WALGREENS AND THERANOS AGREED TOGETHER THAT THEY WOULD  
01:00PM 20 USE WHAT WAS CALLED A CENTRAL LAB MODEL RATHER THAN HAVING THE  
01:00PM 21 DEVICES IN THE STORES THEMSELVES; RIGHT?

01:00PM 22 A. THAT'S CORRECT.

01:00PM 23 Q. BUT AT THIS TIME DURING THE JOHNS HOPKINS EVALUATION, IT  
01:00PM 24 WAS STILL UNDER DISCUSSION THAT THE DEVICES MIGHT BE IN THE  
01:00PM 25 STORES; RIGHT?

01:00PM 1 A. THAT'S RIGHT.

01:00PM 2 Q. AND ONE OF THE ISSUES WITH DOING THAT THAT THE HOPKINS

01:00PM 3 TEAM POINTS OUT IS THAT IT MIGHT NOT RUN SAMPLES FAST ENOUGH;

01:00PM 4 RIGHT?

01:00PM 5 A. THAT'S CORRECT.

01:00PM 6 Q. AND THAT PROBLEM WOULD BE COMPOUNDED EVEN MORE IF YOU WERE

01:00PM 7 DOING A CENTRAL LAB MODEL? IF YOU WERE COLLECTING THOUSANDS OF

01:01PM 8 SAMPLES ALL OVER ARIZONA, FOR EXAMPLE, YOU MIGHT NEED MACHINES

01:01PM 9 THAT DID THE TESTS FASTER THAN THE EDISON DEVICE MIGHT BE ABLE

01:01PM 10 TO DO IT ACCORDING TO THIS?

01:01PM 11 A. ACCORDING TO THIS.

01:01PM 12 Q. IS THAT FAIR?

01:01PM 13 A. THAT'S FAIR.

01:01PM 14 Q. AND SO TO DO BLOOD TESTING IN A CENTRAL LAB WHERE YOU'RE

01:01PM 15 COLLECTING SAMPLES FROM WALGREENS, IT SOUNDS IT'S A GOOD

01:01PM 16 BUSINESS SENSE TO HAVE A MACHINE THAT IS CAPABLE OF HIGH

01:01PM 17 THROUGHPUT; IS THAT FAIR?

01:01PM 18 A. BASED ON THE VOLUME THAT YOU'RE ANTICIPATING, YES.

01:01PM 19 Q. AND BASED ON THE VOLUME THAT YOU AND THE THERANOS TEAM

01:01PM 20 WERE ANTICIPATING DURING THE PARTNERSHIP DISCUSSIONS, HIGH

01:01PM 21 THROUGHPUT WOULD BE AN ADVANTAGE; RIGHT?

01:01PM 22 A. THAT'S CORRECT.

01:01PM 23 Q. GOING BACK TO THE EXHIBIT, THOUGH, IT SAYS, "THE HOPKINS

01:01PM 24 TEAM ALSO THOUGHT IT WOULD BE ATTRACTIVE TO CONSIDER JHU,"

01:01PM 25 JOHNS HOPKINS UNIVERSITY, "THERANOS RESEARCH COLLABORATION

01:02PM 1 AROUND INDIVIDUALIZED MEDICINE, ESPECIALLY AROUND DRUG KINETICS  
01:02PM 2 AND RESPONSE."

01:02PM 3 DO YOU SEE THAT?

01:02PM 4 A. YES, I DO.

01:02PM 5 Q. AND THEN IT GOES ON.

01:02PM 6 "ONE OBSERVATION: THE THERANOS TECHNOLOGY IS NOT REALLY  
01:02PM 7 POINT OF CARE TECHNOLOGY -- IT'S REALLY A TRADITIONAL LAB ASSAY  
01:02PM 8 APPROACH, WITH THE ATTENDANT ACCURACY AND VALIDITY -- HIGHLY  
01:02PM 9 MINIATURIZED. ESSENTIALLY A MINILAB."

01:02PM 10 DO YOU SEE THAT?

01:02PM 11 A. YES.

01:02PM 12 Q. AND THEN AFTER THAT THE HOPKINS TEAM SAYS, "NO MAJOR  
01:02PM 13 WEAKNESSES WERE IDENTIFIED."

01:02PM 14 DO YOU SEE THAT?

01:02PM 15 A. I DO.

01:02PM 16 Q. AND THEN ADDITIONAL INFORMATION, IT SAYS, "DR. CLARK  
01:02PM 17 INDICATED THAT OVER THE PAST TWO YEARS HE HAS HAD NUMEROUS  
01:02PM 18 CONVERSATIONS WITH THERANOS ABOUT UTILIZING THEIR TECHNOLOGY AT  
01:02PM 19 JOHNS HOPKINS FOR RESEARCH ACTIVITIES. THE CONVERSATIONS  
01:02PM 20 CONTINUE TO BE FAVORABLE AND BOTH PARTIES WILL CONTINUE TO  
01:02PM 21 EXPLORE OPPORTUNITIES FOR COLLABORATION."

01:02PM 22 DO YOU SEE THAT?

01:02PM 23 A. YES.

01:02PM 24 Q. AND THAT WAS LOOKING TOWARDS THE FUTURE?

01:02PM 25 A. THAT'S RIGHT.

01:03PM 1 Q. AND THEN THERE'S A DISCLAIMER; RIGHT?

01:03PM 2 AND IT SAYS, "THIS INFORMATION IS BEING PROVIDED SOLELY

01:03PM 3 FOR THE BENEFIT OF WALGREENS AND SHALL BE USED BY WALGREENS FOR

01:03PM 4 ITS INTERNAL PURPOSES ONLY. IN ADDITION, THE MATERIALS

01:03PM 5 PROVIDED IN NO WAY SIGNIFY AN ENDORSEMENT BY JOHNS HOPKINS

01:03PM 6 MEDICINE TO ANY PRODUCT OR SERVICE."

01:03PM 7 DO YOU SEE THAT?

01:03PM 8 A. YES.

01:03PM 9 Q. AND DOES THAT SOUND LIKE BOILERPLATE TO YOU?

01:03PM 10 MR. SCHENK: OBJECTION.

01:03PM 11 THE COURT: SUSTAINED.

01:03PM 12 BY MR. COOPERSMITH:

01:03PM 13 Q. DO YOU KNOW WHAT BOILERPLATE IS?

01:03PM 14 A. I DO.

01:03PM 15 Q. OKAY. IF YOU LOOK AT THIS FIRST SENTENCE, THOUGH, WHERE

01:03PM 16 IT SAYS, "THIS INFORMATION IS BEING PROVIDED SOLELY FOR THE

01:03PM 17 BENEFIT OF WALGREENS AND SHALL BE USED BY WALGREENS FOR ITS

01:03PM 18 INTERNAL PURPOSES ONLY"; RIGHT?

01:03PM 19 DO YOU SEE THAT?

01:03PM 20 A. I DO.

01:03PM 21 Q. I WANT TO SHOW YOU ANOTHER EXHIBIT, THOUGH, 20553.

01:04PM 22 AND IF YOU LOOK AT THAT, YOU SEE THERE'S AN EMAIL ON THE

01:04PM 23 FIRST PAGE, AND I'M REALLY FOCUSING ON THE SECOND EMAIL ON THE

01:04PM 24 PAGE, MR. JHAVERI. IT'S FROM DR. ROSAN AT WALGREENS TO

01:04PM 25 ELIZABETH HOLMES AND THEN SOME OTHER PEOPLE.

01:04PM 1 DO YOU SEE THAT?

01:04PM 2 A. I DO.

01:04PM 3 Q. AND THEN AT THE TOP YOU SEE THERE'S A COPY SENT FROM

01:04PM 4 MS. HOLMES TO MR. BALWANI AND DR. DANIEL YOUNG?

01:04PM 5 A. I DO.

01:04PM 6 Q. OKAY. AND IF YOU GO TO THE REST OF THE EXHIBIT, DO YOU

01:04PM 7 SEE THAT THAT'S THE SAME JOHNS HOPKINS --

01:04PM 8 MR. SCHENK: OBJECTION. THIS IS NOT IN EVIDENCE.

01:04PM 9 MR. COOPERSMITH: I'M JUST LAYING A FOUNDATION FOR

01:04PM 10 THE EXHIBIT, YOUR HONOR.

01:04PM 11 THE COURT: WELL, YOU CAN'T -- IF IT'S NOT IN

01:04PM 12 EVIDENCE, IT'S NOT IN EVIDENCE.

01:04PM 13 MR. COOPERSMITH: OKAY.

01:04PM 14 THE COURT: YOU CAN ASK ANOTHER QUESTION.

01:04PM 15 MR. COOPERSMITH: I WILL. THANK YOU, YOUR HONOR.

01:04PM 16 THE COURT: OKAY.

01:04PM 17 BY MR. COOPERSMITH:

01:04PM 18 Q. MR. JHAVERI, DON'T READ IT OUT LOUD BECAUSE IT'S NOT IN

01:04PM 19 EVIDENCE YET, BUT IF YOU LOOK AT PAGES 2 AND 3 OF THIS

01:04PM 20 EXHIBIT --

01:05PM 21 A. YES.

01:05PM 22 Q. -- DO YOU SEE WHAT THAT IS?

01:05PM 23 A. YES.

01:05PM 24 Q. OKAY. AND IS IT -- GOING BACK TO THE OTHER EXHIBIT THAT

01:05PM 25 WE WERE LOOKING AT, THE JOHNS HOPKINS REPORT, DOES PAGES 2 AND

01:05PM 1 3 OF EXHIBIT 20553 --

01:05PM 2 MR. SCHENK: YOUR HONOR, OBJECTION. THAT'S

01:05PM 3 LEADING --

01:05PM 4 THE COURT: SUSTAINED. SUSTAINED.

01:05PM 5 MR. COOPERSMITH: OKAY. YOUR HONOR, WHAT I'D LIKE

01:05PM 6 TO DO IN THAT CASE IS THAT I'M JUST GOING TO OFFER 20553, AND

01:05PM 7 HERE'S THE BASIS: IT IS AUTHENTIC BASED ON THE BATES NUMBER

01:05PM 8 THE PARTIES HAVE STIPULATED TO, AND IT'S ADMISSIBLE BECAUSE IT

01:05PM 9 GOES TO MR. BALWANI AND IT'S ADMISSIBLE FOR HIS STATE OF MIND.

01:05PM 10 THE COURT: MR. SCHENK.

01:05PM 11 MR. SCHENK: YOUR HONOR, OBJECTION. IT'S HEARSAY,

01:05PM 12 AND I DON'T THINK WE SOLVED THE HEARSAY PROBLEM AS IT SOUNDS

01:05PM 13 LIKE MR. COOPERSMITH IS SAYING THE NONHEARSAY PURPOSE FOR THE

01:06PM 14 DEFENDANT'S STATE OF MIND. THAT'S NOT PARTICULARLY THROUGH THE

01:06PM 15 DOCUMENT.

01:06PM 16 THE COURT: I'M NOT CERTAIN WHAT THIS HAS TO DO --

01:06PM 17 YOU'LL HAVE TO LAY A FOUNDATION FOR THE STATE OF MIND.

01:06PM 18 I'M GOING TO SUSTAIN THE OBJECTION AT THIS POINT.

01:06PM 19 MR. COOPERSMITH: OKAY. LET ME SEE WHAT I CAN DO,

01:06PM 20 YOUR HONOR.

01:06PM 21 THE COURT: SURE.

01:06PM 22 BY MR. COOPERSMITH:

01:06PM 23 Q. SO, MR. JHAVERI, YOU SEE ON THE FIRST PAGE OF

01:06PM 24 EXHIBIT 20553, DO YOU SEE MR. BALWANI'S NAME THERE?

01:06PM 25 A. THIS IS IN REFERENCE TO PAGE 2?

01:06PM 1 Q. NO, PAGE 1. I'M SORRY.

01:06PM 2 A. YES.

01:06PM 3 Q. AND YOU SEE THERE'S AN EMAIL ADDRESS NEXT TO HIS NAME

01:06PM 4 THAT'S SBALWANI@THERANOS.COM?

01:06PM 5 A. YES, SIR.

01:06PM 6 Q. AND DURING THE COURSE OF YOUR WORK WITH MR. BALWANI, YOU

01:06PM 7 SENT HIM LOTS OF EMAILS; RIGHT?

01:06PM 8 A. YES.

01:06PM 9 Q. AND HE SENT YOU LOTS OF EMAILS?

01:06PM 10 A. YES.

01:06PM 11 Q. AND YOU RECOGNIZE THAT AS MR. BALWANI'S EMAIL ADDRESS?

01:06PM 12 A. I DO.

01:06PM 13 Q. AND THEN YOU KNOW WHO DANIEL YOUNG IS AS WELL; IS THAT

01:06PM 14 RIGHT?

01:06PM 15 A. YEAH. I BELIEVE DR. YOUNG WAS THE LAB DIRECTOR FOR

01:06PM 16 THERANOS.

01:06PM 17 Q. IN THE ARIZONA LAB?

01:07PM 18 A. IN THE ARIZONA LAB.

01:07PM 19 Q. OKAY. SO HE WAS A DOCTOR WHO WORKED AT THERANOS?

01:07PM 20 A. THAT IS CORRECT.

01:07PM 21 Q. AND THEN WE ALREADY TALKED ABOUT YOU KNOW WHO JAY ROSAN

01:07PM 22 IS; CORRECT?

01:07PM 23 A. YES.

01:07PM 24 Q. AND HE'S THE ONE WHO SENT THE EMAIL ON THE FIRST PAGE TO

01:07PM 25 MS. HOLMES, WHICH WAS THEN LATER FORWARDED TO OTHERS, INCLUDING



01:07PM 1 MR. BALWANI?

01:07PM 2 A. THAT'S CORRECT.

01:07PM 3 Q. OKAY. AND DO YOU AGREE THAT THE PREVIOUS EXHIBIT THAT WE  
01:07PM 4 LOOKED AT IS THE JOHNS HOPKINS REPORT IDENTICAL --

01:07PM 5 MR. SCHENK: YOUR HONOR.

01:07PM 6 MR. COOPERSMITH: I'M WITHDRAWING THE QUESTION.

01:07PM 7 THE COURT: THE QUESTION IS WITHDRAWN.

01:07PM 8 MR. COOPERSMITH: YOUR HONOR, I'M GOING TO OFFER  
01:07PM 9 20553 AGAIN.

01:07PM 10 YOU KNOW, MR. JHAVERI HAS IDENTIFIED THE EMAILS. HE --  
01:07PM 11 THE DOCUMENT IS AUTHENTIC ANYWAY BECAUSE OF THE STIPULATION TO  
01:07PM 12 THE BATES NUMBER. I'M OFFERING IT FOR A NONHEARSAY PURPOSE.

01:07PM 13 IT'S THE SAME -- WELL, I THINK THE COURT CAN COMPARE PAGES  
01:07PM 14 2 AND 3 OF THIS EXHIBIT WITH THE LAST ONE. I THINK --

01:08PM 15 THE COURT: OKAY. MR. SCHENK.

01:08PM 16 MR. SCHENK: YOUR HONOR, THE SAME OBJECTION, AND I  
01:08PM 17 CAN PROVIDE A LITTLE BIT MORE CONTEXT IF THE COURT WOULD LIKE.

01:08PM 18 THE COURT: THE OBJECTION IS SUSTAINED.

01:08PM 19 YOU CAN MOVE ON, COUNSEL.

01:08PM 20 MR. COOPERSMITH: OKAY.

01:08PM 21 Q. OKAY. LET'S GO TO ONE OF THE EXHIBITS THAT MR. SCHENK  
01:08PM 22 SHOWED YOU, WHICH IS EXHIBIT 372. IT SHOULD BE IN THE BINDER  
01:08PM 23 THAT I GAVE YOU, BUT IT WOULD ALSO BE IN THE GOVERNMENT'S  
01:08PM 24 BINDER. I GUESS YOU COULD TAKE YOUR PICK.

01:08PM 25 A. I HAVE IT.

01:08PM 1 Q. OKAY. THIS IS EXHIBIT 372, AND THIS IS THE INITIAL  
01:09PM 2 AGREEMENT DATED JULY 30TH, 2010, BETWEEN WALGREENS AND  
01:09PM 3 THERANOS?

01:09PM 4 A. YES, SIR.

01:09PM 5 Q. AND ON THE FIRST PAGE, YOU SEE IT'S SIGNED BY  
01:09PM 6 MR. MIQUELON, WHO WE DISCUSSED A FEW MINUTES AGO?

01:09PM 7 A. YES.

01:09PM 8 Q. AND HERE IT SAYS THAT HE'S EXECUTIVE VICE PRESIDENT. I  
01:09PM 9 THINK BEFORE YOU SAID HE WAS THE CHIEF FINANCIAL OFFICER.

01:09PM 10 CAN YOU CLARIFY THAT FOR US?

01:09PM 11 A. YEAH, MANY OF OUR TITLES HAVE DUAL TITLES, SO HE'S  
01:09PM 12 EXECUTIVE VICE PRESIDENT AND CFO.

01:09PM 13 Q. OKAY. AND IF YOU GO TO THE NEXT PAGE, YOU SEE THE  
01:09PM 14 SIGNATORY FROM THE THERANOS SIDE WAS ELIZABETH HOLMES?

01:09PM 15 A. YES.

01:09PM 16 Q. OKAY. NOW, YOU UNDERSTAND THAT THIS INITIAL AGREEMENT WAS  
01:09PM 17 LATER REPLACED BY A DIFFERENT AGREEMENT OR AGREEMENTS BETWEEN  
01:09PM 18 WALGREENS AND THERANOS?

01:09PM 19 A. YES, THERE WAS AN AMENDED AGREEMENT.

01:10PM 20 Q. RIGHT. BUT STICKING WITH THIS ONE FOR THE MOMENT, IF YOU  
01:10PM 21 GO TO PAGE 4, AND MR. SCHENK SHOWED YOU SOME LANGUAGE IN THE --  
01:10PM 22 OH, IT'S TWO PARAGRAPHS ABOVE THE HEADING THAT IS PARAGRAPH 2,  
01:10PM 23 AND IT READS, "THE ABILITY TO RUN BLOOD TESTS FROM A  
01:10PM 24 FINGERSTICK IN LESS THAN AN HOUR AT WALGREENS' PHARMACIES  
01:10PM 25 CREATES A NEW WORKFLOW AND A NEW DIAGNOSTIC PARADIGM FOR HEALTH

01:10PM 1 CARE."

01:10PM 2 DO YOU SEE THAT?

01:10PM 3 A. I DO.

01:10PM 4 Q. AND SO YOU UNDERSTAND, AND I THINK YOU SAID THIS A FEW

01:10PM 5 MINUTES AGO, THAT WHEN THE LAUNCH OF THE THERANOS-WALGREENS

01:10PM 6 STORES ACTUALLY OCCURRED IN THE FALL OF '13, IT WAS NO LONGER

01:10PM 7 GOING TO BE THE CASE THAT THE THERANOS DEVICES WOULD BE PLACED

01:10PM 8 AT WALGREENS PHARMACIES; CORRECT?

01:10PM 9 A. THAT'S CORRECT.

01:10PM 10 Q. AND THAT THIS LANGUAGE ABOUT RUNNING THE BLOOD TESTS IN

01:11PM 11 LESS THAN AN HOUR AT WALGREENS PHARMACY, THAT WAS NO LONGER

01:11PM 12 APPLICABLE WHEN THE AMENDED AGREEMENT CAME INTO PLACE?

01:11PM 13 A. WHAT WAS APPLICABLE WAS THE BLOOD DRAW THROUGH A

01:11PM 14 FINGERSTICK AT THE WALGREENS STORE.

01:11PM 15 Q. RIGHT. BUT THE DIFFERENCE WAS WHEN THE LAUNCH ACTUALLY

01:11PM 16 HAPPENED, IT WOULD BE COLLECTING THE BLOOD SAMPLE AT WALGREENS;

01:11PM 17 RIGHT?

01:11PM 18 A. YES.

01:11PM 19 Q. AND SHIPPING THE BLOOD SAMPLE TO A CENTRAL LABORATORY THAT

01:11PM 20 THERANOS OPERATED?

01:11PM 21 A. THAT'S RIGHT. THERE WOULD BE A COURIER THAT PICKED UP THE

01:11PM 22 BLOOD SAMPLES.

01:11PM 23 Q. YEAH.

01:11PM 24 A. AND THEN SENT THEM TO THE CENTRAL LAB.

01:11PM 25 Q. AND THIS LANGUAGE THAT WE'RE LOOKING AT IN THIS PARTICULAR

01:11PM 1 EXHIBIT IN -- LET ME START AGAIN.

01:11PM 2 MR. JHAVERI, THE LANGUAGE THAT WE'RE LOOKING AT IN THIS

01:11PM 3 PARTICULAR EXHIBIT, THE 2010 CONTRACT, THIS IS TALKING ABOUT

01:12PM 4 RUNNING A BLOOD TEST FROM A FINGERSTICK IN LESS THAN AN HOUR AT

01:12PM 5 THE WALGREENS PHARMACY ITSELF; RIGHT?

01:12PM 6 A. CORRECT.

01:12PM 7 Q. OKAY. SO THE LANGUAGE THAT MR. SCHENK SHOWED YOU WAS

01:12PM 8 OUTDATED AND NOT THE RIGHT -- THAT'S NOT WHAT THE PROGRAM WAS

01:12PM 9 BY THE TIME THE LAUNCH HAPPENED IN 2013?

01:12PM 10 A. YEAH, PART OF IT WAS, WAS DIFFERENT THAN WHAT WE'RE

01:12PM 11 STATING HERE TODAY.

01:12PM 12 Q. OKAY. SO WHEN YOU SAID ON DIRECT THAT THIS WAS YOUR

01:12PM 13 UNDERSTANDING IN 2013, JUST TO CLARIFY THAT, YOU UNDERSTOOD

01:12PM 14 THAT THE GOAL WAS TO COLLECT FINGERSTICK SAMPLES, BUT THE GOAL

01:12PM 15 WAS NOT TO HAVE THE DEVICES PLACED IN THE STORES?

01:12PM 16 A. THAT'S RIGHT.

01:12PM 17 Q. OKAY.

01:12PM 18 A. YEAH.

01:12PM 19 Q. IF YOU GO TO PAGE 8 OF THE EXHIBIT -- OH, I'M SORRY.

01:12PM 20 LET'S GO TO PAGE 7 FIRST.

01:13PM 21 AND IF YOU GO TO THE VERY BOTTOM, THERE'S A PARAGRAPH

01:13PM 22 NUMBERED 5. IT SAYS, "THERANOS PHARMACEUTICAL CLINICAL TRIALS

01:13PM 23 INFRASTRUCTURE"?

01:13PM 24 A. YES.

01:13PM 25 Q. AND THAT READS, "AS PART OF ITS ONGOING BUSINESS

01:13PM 1 PARTNERSHIPS WITH PHARMACEUTICAL COMPANIES, THERANOS WILL  
01:13PM 2 EXTEND ITS CLINICAL TRIALS INFRASTRUCTURE TO INCLUDE WALGREENS  
01:13PM 3 STORES SO THAT PHARMACEUTICAL CLINICAL TRIAL PATIENTS WILL HAVE  
01:13PM 4 THE OPTION TO HAVE THEIR LABORATORY TESTS PERFORMED AT A  
01:13PM 5 WALGREENS LOCATION. FOLLOWING EXECUTION OF THIS AGREEMENT,  
01:13PM 6 THERANOS AND WALGREENS WILL NEGOTIATE THE TERMS AND  
01:13PM 7 CONDITIONS," GOING ON TO THE NEXT PAGE, "BETWEEN THERANOS AND  
01:13PM 8 WALGREENS FOR THE CLINICAL TRIAL WORK WHICH WILL THEN BE  
01:13PM 9 DESCRIBED AND AGREED UPON IN WRITING IN SCHEDULE J."

01:13PM 10 DO YOU SEE THAT?

01:13PM 11 A. YES, SIR.

01:13PM 12 Q. SO ONE OF THE THINGS THAT THE CONTRACT CONTEMPLATED WHEN  
01:13PM 13 THE WALGREENS-THERANOS AGREEMENT GOT OFF THE GROUND AND THERE  
01:13PM 14 WERE STORES OPENED WOULD BE THAT A CLINICAL TRIAL PATIENT WHO  
01:13PM 15 WAS INVOLVED IN A CLINICAL TRIAL FOR A PHARMACEUTICAL COMPANY  
01:14PM 16 COULD GET A BLOOD TEST AT WALGREENS?

01:14PM 17 A. THAT'S CORRECT.

01:14PM 18 Q. AND THAT THE MORE STORES THERE WERE THAT WERE ROLLED OUT,  
01:14PM 19 THE MORE OPPORTUNITY THERE WOULD BE FOR THAT TYPE OF PATIENT TO  
01:14PM 20 GET BLOOD TESTS?

01:14PM 21 A. YES, POTENTIALLY.

01:14PM 22 Q. THAT WAS AT LEAST WHAT WAS CONTEMPLATED IN THE CONTRACT?

01:14PM 23 A. THAT'S CORRECT.

01:14PM 24 Q. OKAY. IF YOU GO TO PAGE 8 OF THE AGREEMENT.

01:14PM 25 AND THEN IT SAYS, "IF THERANOS FAILED TO OBTAIN THE

01:14PM 1 APPROVAL BY DECEMBER" -- I'M SURE IT'S MY FAULT. I'LL READ  
01:14PM 2 SLOWLY.

01:14PM 3 THIS -- LET'S JUST START FROM PARAGRAPH 6, AND THEN YOU  
01:14PM 4 SEE THAT THERE'S A SECTION A AND A SMALL TWO I'S.

01:14PM 5 AND THIS REFERS TO FDA APPROVAL.

01:15PM 6 DO YOU SEE THAT?

01:15PM 7 A. YES.

01:15PM 8 Q. NOW, GOING BACK TO THE LANGUAGE THAT I WAS TRYING TO READ  
01:15PM 9 EARLIER WITHOUT SUCCESS, "IF THERANOS FAILS TO OBTAIN THE  
01:15PM 10 APPROVALS BY DECEMBER 31ST, 2010, SUCH FAILURE SHALL ENTITLE  
01:15PM 11 WALGREENS TO TERMINATE THIS AGREEMENT IN ACCORDANCE WITH  
01:15PM 12 SCHEDULE B, SECTION 23(C)."

01:15PM 13 DO YOU SEE THAT?

01:15PM 14 A. YES.

01:15PM 15 Q. AND THERANOS DID NOT OBTAIN ANY FDA APPROVALS BY  
01:15PM 16 DECEMBER 31ST, 2010, DID IT?

01:15PM 17 A. I DON'T -- I DON'T REMEMBER.

01:15PM 18 Q. OKAY. BUT IN ANY EVENT, WALGREENS DIDN'T TERMINATE THE  
01:15PM 19 AGREEMENT, DID IT?

01:15PM 20 A. IT DID NOT.

01:16PM 21 Q. LET'S TURN TO PAGE 27 OF THE SAME EXHIBIT.

01:16PM 22 DO YOU SEE PAGE 27 REFERS TO PILOT?

01:16PM 23 A. YES.

01:16PM 24 Q. AND DO YOU SEE THAT THIS IS THE SCHEDULE F TO THE  
01:16PM 25 AGREEMENT?

01:16PM 1

A. YES.

01:16PM 2

Q. OKAY. AND IT SAYS, IF YOU GO DOWN A LITTLE BIT TO THE

01:16PM 3

LANGUAGE THAT SAYS, "THE PILOT AGREEMENT WILL INCLUDE, BUT NOT

01:16PM 4

BE LIMITED TO, THE FOLLOWING PROVISIONS," AND THEN THERE ARE

01:16PM 5

SEVERAL BULLETS AFTER THAT?

01:16PM 6

A. YES, I DO.

01:16PM 7

Q. AND THEN THE THIRD BULLET SAYS, "THE PILOT FOR STORE

01:16PM 8

LOCATIONS WILL COMMENCE NO SOONER THAN JANUARY 15TH, 2011,

01:17PM 9

PROVIDED THAT THE FOLLOWING THREE CRITERIA MUST BE MET," AND

01:17PM 10

THEN IT HAS THREE CRITERIA.

01:17PM 11

DO YOU SEE THAT?

01:17PM 12

A. I DO.

01:17PM 13

Q. OKAY. AND THERE'S NOTHING IN THIS LANGUAGE, THOUGH, THAT

01:17PM 14

GIVES A DEADLINE FOR WHEN THE PILOT HAS TO ACTUALLY START, IS

01:17PM 15

THERE?

01:17PM 16

A. I'M JUST READING THROUGH THE DOCUMENT.

01:17PM 17

Q. SURE.

01:17PM 18

A. NO. IT JUST INDICATES THAT IT HAS TO COMMENCE AFTER

01:17PM 19

JANUARY 15TH AND NO LATER THAN JUNE 30TH OF 2011.

01:17PM 20

Q. OKAY. LET'S GO TO THAT JUNE 30TH LANGUAGE.

01:17PM 21

SO THAT'S THE LAST BULLET IN THE SAME SECTION THAT WE WERE

01:17PM 22

LOOKING AT. AND IT SAYS, "SHOULD THERANOS FAIL TO MEETS ITS

01:18PM 23

REQUIREMENTS UNDER THIS SCHEDULE F PRIOR TO JUNE 30TH, 2011,

01:18PM 24

WALGREENS SHALL HAVE THE OPTION TO TERMINATE THIS AGREEMENT

01:18PM 25

PURSUANT TO SCHEDULE B, SECTION 23(C)."

01:18PM 1 DO YOU SEE THAT?

01:18PM 2 A. YES.

01:18PM 3 Q. AND THE PILOT DIDN'T START BY JUNE 30TH, 2011, DID IT?

01:18PM 4 A. IT DID NOT.

01:18PM 5 Q. AND WALGREENS DIDN'T TERMINATE THE AGREEMENT, DID IT?

01:18PM 6 A. NO, IT DID NOT.

01:18PM 7 Q. SO IS IT FAIR TO SAY THAT THIS CONTRACT FROM 2010 WAS

01:18PM 8 REALLY THE BEGINNING OF A PARTNERSHIP THAT CONTINUED TO EVOLVE

01:18PM 9 AND DEVELOP AS CIRCUMSTANCES WARRANTED?

01:18PM 10 A. YES.

01:18PM 11 Q. AND THAT'S NOT UNUSUAL IN BUSINESS, IS IT?

01:18PM 12 A. NO. ANY TYPE OF PARTNERSHIP OR ANY TYPE OF PROGRAM, IT

01:18PM 13 EVOLVES BASED ON WHAT THE MARKET HOLDS OR WHAT THE BUSINESS

01:18PM 14 NEEDS ARE OR ANY OF THOSE THINGS THAT CHANGE.

01:18PM 15 Q. OKAY. GOING TO THE NEXT EXHIBIT, WHICH IS TAB 617 IN YOUR

01:18PM 16 BINDER, AND I THINK MR. SCHENK DISCUSSED THIS WITH YOU ON

01:18PM 17 DIRECT AS WELL.

01:19PM 18 SO THIS IS THE AMENDED AGREEMENT THAT WAS DATED JUNE 5TH,

01:19PM 19 2012.

01:19PM 20 DO YOU SEE THAT?

01:19PM 21 A. YES.

01:19PM 22 Q. AND THIS WAS ANOTHER STEP IN THAT DEVELOPING RELATIONSHIP

01:19PM 23 BETWEEN WALGREENS AND THERANOS?

01:19PM 24 A. YES.

01:19PM 25 Q. AND IF YOU LOOK AT THE LANGUAGE RIGHT ABOVE THE DATE, THE



01:19PM 1 PARAGRAPH ABOVE THE DATE, IT SAYS, "WHEREAS THE PARTIES AGREE  
01:19PM 2 THAT BECAUSE OF CERTAIN CHANGES IN CIRCUMSTANCES, IT IS  
01:19PM 3 NECESSARY TO TERMINATE THE ORIGINAL AGREEMENT AND REPLACE IT  
01:19PM 4 WITH THIS AGREEMENT (AS DEFINED BELOW) ."

01:19PM 5 RIGHT?

01:19PM 6 A. YES.

01:19PM 7 Q. AND YOU UNDERSTAND THAT THIS AGREEMENT, WHEN IT'S SIGNED,  
01:19PM 8 IS NOW THE OPERATIVE AGREEMENT AND THE OLD AGREEMENT IS  
01:19PM 9 BASICALLY GONE; IS THAT RIGHT?

01:19PM 10 A. THAT'S RIGHT.

01:19PM 11 Q. IN FACT, IT IS GONE?

01:19PM 12 A. IT IS GONE.

01:19PM 13 Q. RIGHT. OKAY.

01:19PM 14 IF WE CAN GO TO -- LET'S JUST START OFF WITH PAGE 6 AND  
01:20PM 15 SECTION 5.

01:20PM 16 I WON'T READ IT AGAIN, BUT TAKING A LOOK AT IT YOURSELF,  
01:20PM 17 MR. JHAVERI, IT'S THE THERANOS PHARMACEUTICAL CLINICAL TRIALS  
01:20PM 18 INFRASTRUCTURE SECTION.

01:20PM 19 DO YOU SEE THAT?

01:20PM 20 A. YES, I DO.

01:20PM 21 Q. AND THAT'S THE SAME PROVISION ABOUT HOW PATIENTS COULD GET  
01:20PM 22 CLINICAL TRIAL TESTS OR TESTS THAT WERE CONDUCTED FOR PURPOSES  
01:20PM 23 OF CLINICAL TRIALS WITH PHARMACEUTICAL COMPANIES AT A WALGREENS  
01:20PM 24 STORE; IS THAT RIGHT?

01:20PM 25 A. YES, THAT'S CORRECT.

01:20PM 1 Q. AND SO THE AMENDED CONTRACT IN 2012 ALSO CONTEMPLATED THAT  
01:20PM 2 COULD HAPPEN?

01:20PM 3 A. YES.

01:20PM 4 Q. OKAY. LET'S GO BACK TO PAGE 4 OF THE DOCUMENT.  
01:20PM 5 NOW, IF YOU LOOK AT SECTION 3, THAT'S THE PHASED  
01:20PM 6 DISRUPTION SECTION.  
01:20PM 7 DO YOU SEE THAT?

01:20PM 8 A. YES.

01:20PM 9 Q. NOW, WE TALKED ABOUT BEFORE HOW THE ORIGINAL CONTRACT  
01:21PM 10 CONTEMPLATED THERE COULD BE OR WOULD BE THERANOS DEVICES  
01:21PM 11 ACTUALLY PLACED PHYSICALLY AT WALGREENS STORES TO CONDUCT BLOOD  
01:21PM 12 TESTING; RIGHT?

01:21PM 13 A. WOULD YOU ASK THAT QUESTION AGAIN, PLEASE?

01:21PM 14 Q. OF COURSE. WE TALKED ABOUT A FEW MINUTES AGO THAT THE  
01:21PM 15 ORIGINAL CONTRACT FROM 2010, THE CONCEPT WAS THAT THE THERANOS  
01:21PM 16 DEVICES WOULD ACTUALLY BE PHYSICALLY PLACED IN THE WALGREENS  
01:21PM 17 STORE TO CONDUCT THE BLOOD TESTING?

01:21PM 18 A. YES.

01:21PM 19 Q. BUT THEN THIS IS -- THIS AMENDED AGREEMENT IN 2012, THAT  
01:21PM 20 CHANGES THAT; CORRECT?

01:21PM 21 A. I'M JUST GOING TO READ IT.

01:21PM 22 Q. PLEASE.  
01:21PM 23 (PAUSE IN PROCEEDINGS.)  
01:21PM 24 THE WITNESS: YES, THAT'S CORRECT.  
01:22PM 25 BY MR. COOPERSMITH:

01:22PM 1 Q. AND THEN THERE'S A REFERENCE TO, SORT OF IN THE MIDDLE OF  
01:22PM 2 THE PARAGRAPH, "THE CLIA CERTIFIED OFFSITE LABORATORY."  
01:22PM 3 DO YOU SEE THAT?  
01:22PM 4 A. YES.  
01:22PM 5 Q. AND YOU UNDERSTAND THAT WOULD BE THE THERANOS LABORATORY  
01:22PM 6 THAT WOULD BE THE RECIPIENT OF BLOOD SAMPLES COLLECTED AT  
01:22PM 7 WALGREENS STORES THAT WERE TAKING BLOOD SAMPLES?  
01:22PM 8 A. THAT'S RIGHT.  
01:22PM 9 Q. OKAY. SO THAT'S DIFFERENT THAN THE FIRST AGREEMENT?  
01:22PM 10 A. CORRECT.  
01:22PM 11 Q. AND THERE'S NOTHING WRONG WITH THAT; RIGHT? THAT'S JUST  
01:22PM 12 SOMETIMES HOW BUSINESS PARTNERSHIPS DEVELOP; IS THAT FAIR?  
01:22PM 13 A. THAT'S FAIR.  
01:22PM 14 Q. AND THEN IF YOU GO IN THE SAME EXHIBIT, I THINK THERE'S  
01:22PM 15 ALSO A SCHEDULE F ON PAGE 26.  
01:23PM 16 A. YES.  
01:23PM 17 Q. SO THIS LANGUAGE HERE, IT SAYS IN THAT -- NOT THE SET OF  
01:23PM 18 FIRST FOUR BULLETS, BUT THE BULLETS RIGHT AFTER THAT, DO YOU  
01:23PM 19 SEE THE SECOND ONE SAYS, "THE PILOT FOR STORE LOCATIONS WILL  
01:23PM 20 COMMENCE NO SOONER THAN SEPTEMBER 15TH, 2012"?  
01:24PM 21 A. YES.  
01:24PM 22 Q. BECAUSE THAT'S THE EARLIEST DATE THAT THIS CONTRACT  
01:24PM 23 CONTEMPLATES THAT THE PILOT COULD COMMENCE; IS THAT RIGHT?  
01:24PM 24 A. THAT'S CORRECT.  
01:24PM 25 Q. AND THEN LATER IN THE LAST BULLET IN THAT SAME SECTION, IT

01:24PM 1 SAYS, "SHOULD THERANOS FAIL TO MEET ITS REQUIREMENTS UNDER THIS  
01:24PM 2 SCHEDULE F PRIOR TO APRIL 1ST, 2013, WALGREENS COULD  
01:24PM 3 TERMINATE."

01:24PM 4 DO YOU SEE THAT?

01:24PM 5 A. YES.

01:24PM 6 Q. AND THE PILOT DID NOT START BY APRIL 1ST, 2013, DID IT?

01:24PM 7 A. NO, IT DID NOT.

01:24PM 8 Q. AND WALGREENS DID NOT TERMINATE; RIGHT?

01:24PM 9 A. NO.

01:24PM 10 Q. AND IT WAS ACTUALLY IN THE FALL OF 2013 WHEN THE PILOT  
01:24PM 11 LAUNCHED; RIGHT?

01:24PM 12 A. THAT'S CORRECT.

01:24PM 13 Q. AND IS IT FAIR TO SAY DURING THIS TIME THERE WAS A LOT OF  
01:24PM 14 ACTIVITY BY WALGREENS AND THERANOS TO TRY TO BE READY FOR THE  
01:24PM 15 LAUNCH?

01:24PM 16 A. YES.

01:24PM 17 Q. OKAY. LET'S TAKE A LOOK AT EXHIBIT 1113, WHICH IS ALSO IN  
01:24PM 18 EVIDENCE.

01:24PM 19 SO THIS IS A PRESS RELEASE THAT WAS ISSUED JOINTLY BY  
01:25PM 20 WALGREENS AND THERANOS?

01:25PM 21 A. YES, IT IS.

01:25PM 22 Q. AND IT'S DATED SEPTEMBER 9TH, 2013; CORRECT?

01:25PM 23 A. YES, SIR.

01:25PM 24 Q. AND YOU UNDERSTAND THAT THIS DATE, SEPTEMBER 9TH, 2013,  
01:25PM 25 WAS A DATE OF WHAT IS SOMETIMES CALLED THE SOFT LAUNCH OF THE

01:25PM 1 THERANOS BLOOD TESTING PROGRAM?

01:25PM 2 A. I DIDN'T KNOW THAT.

01:25PM 3 Q. DID YOU KNOW THAT THIS WAS -- INITIALLY THE BLOOD TESTS

01:25PM 4 WOULD ONLY BE AVAILABLE TO FRIENDS AND FAMILY OF THERANOS?

01:25PM 5 A. I DO NOT KNOW THAT.

01:25PM 6 Q. OKAY. IN ANY EVENT, LET'S GO TO THE LAST SENTENCE OF THE

01:25PM 7 FIRST PARAGRAPH, AND IT SAYS, "THE SAMPLES ARE EITHER TAKEN

01:25PM 8 FROM A TINY FINGERSTICK OR A MICRO-SAMPLE TAKEN FROM

01:25PM 9 TRADITIONAL METHODS."

01:25PM 10 DO YOU SEE THAT?

01:25PM 11 A. YES, SIR.

01:25PM 12 Q. "ELIMINATING THE NEED FOR LARGER NEEDLES AND NUMEROUS

01:26PM 13 VIALS OF BLOOD REQUIRED FOR MOST DIAGNOSTIC LAB TESTING."

01:26PM 14 DO YOU SEE THAT?

01:26PM 15 A. I DO.

01:26PM 16 Q. AND YOU UNDERSTOOD THAT TRADITIONAL METHODS MEANT TAKING A

01:26PM 17 DRAW OF BLOOD FROM THE ARM AS OPPOSED TO THE FINGER?

01:26PM 18 A. IF THAT'S WHAT THEY'RE REFERRING TO, YES.

01:26PM 19 Q. IN FACT, YOU AT ONE TIME WENT TO A WALGREENS STORE AND HAD

01:26PM 20 A VENOUS DRAW CONDUCTED?

01:26PM 21 A. I DID. I HAD BOTH A FINGERSTICK, AS WELL AS A

01:26PM 22 VENOUS DRAW.

01:26PM 23 Q. OKAY. AND YOU UNDERSTOOD THAT THE DEVICES THAT WOULD BE

01:26PM 24 USED AT THERANOS TO CONDUCT THE BLOOD TESTING MIGHT BE AN

01:26PM 25 EDISON OR IT MIGHT BE SOMETHING ELSE; RIGHT?

01:26PM 1 A. WHAT I UNDERSTOOD WAS THAT THE BLOOD SAMPLES WOULD BE  
01:26PM 2 TESTED ON A THERANOS DEVICE AND THAT WAS DEVELOPED BY THERANOS.  
01:26PM 3 THAT WAS MY UNDERSTANDING OF THE PROGRAM.  
01:26PM 4 Q. OKAY. BUT THE DEVICE COULD BE SOMETHING DEVELOPED BY  
01:26PM 5 THERANOS THAT WASN'T THE EDISON DEVICE; CORRECT?  
01:27PM 6 A. YEAH. I'M NOT REFERRING TO EDISON. I'M JUST REFERRING TO  
01:27PM 7 A THERANOS DEVELOPED THEIR PROPRIETARY TECHNOLOGY.  
01:27PM 8 Q. OKAY. SOMETHING THAT WOULD ALLOW THERANOS TO USE A  
01:27PM 9 FINGERSTICK TEST AS OPPOSED TO A VENOUS DRAW TEST?  
01:27PM 10 A. THAT'S RIGHT.  
01:27PM 11 Q. OKAY. THAT THERANOS DEVELOPED FOR THAT PURPOSE?  
01:27PM 12 A. CORRECT.  
01:27PM 13 Q. BUT YOU ALSO UNDERSTOOD, EVEN FROM THE PRESS RELEASE, BUT  
01:27PM 14 MAYBE OTHERWISE, THAT IT WAS ALSO CONTEMPLATED THAT PATIENTS  
01:27PM 15 COMING INTO WALGREENS MIGHT GET A DRAW FROM THE ARM AS OPPOSED  
01:27PM 16 TO THE FINGER; RIGHT?  
01:27PM 17 A. YES.  
01:27PM 18 Q. AND, IN FACT, I THINK YOU TALKED ABOUT THIS WITH  
01:27PM 19 MR. SCHENK, OVER THE TIME THAT THE PARTNERSHIP WAS RUNNING, THE  
01:27PM 20 AMOUNT OF VEIN DRAWS WAS AROUND 40 PERCENT I THINK YOU SAID;  
01:27PM 21 RIGHT?  
01:27PM 22 A. THAT'S CORRECT.  
01:27PM 23 Q. BY THE WAY, LIKE, THAT MEANS THAT THERE ARE 60 PERCENT OF  
01:27PM 24 THE PATIENTS WHO ARE GETTING FINGERSTICK DRAWS; RIGHT?  
01:27PM 25 A. 60 PERCENT OF THE DRAWS, CORRECT.

01:27PM 1 Q. OKAY. ARE YOU AWARE OF ANY OTHER LAB IN THE WORLD THAT  
01:27PM 2 COULD HAVE DONE 60 PERCENT FINGERSTICK DRAWS FOR BLOOD TESTING?

01:28PM 3 MR. SCHENK: OBJECTION. RELEVANCE.

01:28PM 4 THE COURT: SUSTAINED.

01:28PM 5 MR. COOPERSMITH: I'M JUST ASKING HIS PERSONAL  
01:28PM 6 KNOWLEDGE, YOUR HONOR.

01:28PM 7 THE COURT: SUSTAINED.

01:28PM 8 BY MR. COOPERSMITH:

01:28PM 9 Q. IF YOU GO TO THE SECOND PAGE OF THE EXHIBIT, YOU SEE THE  
01:28PM 10 LAST PARAGRAPH THERE RIGHT BEFORE THE HEADING "ABOUT THERANOS"?

01:28PM 11 A. YES.

01:28PM 12 Q. IT SAYS, "AS THE NATION'S LARGEST RETAIL PHARMACY CHAIN  
01:28PM 13 WITH MORE THAN 8100 NEIGHBORHOOD PHARMACIES, WALGREENS HAS THE  
01:28PM 14 INFRASTRUCTURE TO HELP BRING THERANOS TO CONSUMERS NATIONWIDE."

01:28PM 15 DO YOU SEE THAT?

01:28PM 16 A. YES.

01:28PM 17 Q. AND THAT'S A TRUE STATEMENT?

01:28PM 18 A. YES.

01:28PM 19 Q. AND. IN FACT, WE TALKED ABOUT THIS BEFORE, THAT WAS PART  
01:28PM 20 OF THE RETAIL EXPERTISE THAT WALGREENS BROUGHT TO THE  
01:29PM 21 PARTNERSHIP?

01:29PM 22 A. THAT'S RIGHT.

01:29PM 23 Q. IF YOU GO UP TO THE END OF THE PARAGRAPH THAT'S TWO  
01:29PM 24 PARAGRAPHS ABOVE THAT, THERE'S A SENTENCE THAT READS,  
01:29PM 25 "COLLECTION FOR THERANOS TESTS WILL BE PERFORMED IN THERANOS

01:29PM 1 WELLNESS CENTERS BY LICENSED PHLEBOTOMISTS OR APPROPRIATELY  
01:29PM 2 STATE CERTIFIED PERSONNEL."

01:29PM 3 DO YOU SEE THAT?

01:29PM 4 A. I DO.

01:29PM 5 Q. AND I THINK YOU MENTIONED THIS ON DIRECT, TOO, BUT A  
01:29PM 6 PHLEBOTOMIST IS A LICENSED PROFESSIONAL WHO IS TRAINED TO TAKE  
01:29PM 7 A BLOOD DRAW FROM THE ARM; RIGHT?

01:29PM 8 A. THAT'S CORRECT.

01:29PM 9 Q. OR MAYBE EVEN SOME OTHER PART OF THE BODY?

01:29PM 10 A. IT COULD BE, YES.

01:29PM 11 Q. RIGHT. BUT A NORMAL PERSON OFF THE STREET CAN'T JUST DO  
01:29PM 12 VEIN DRAWS FROM THE ARM?

01:29PM 13 A. A VENOUS DRAW, CORRECT.

01:29PM 14 Q. A VENOUS DRAW?

01:29PM 15 A. YES.

01:29PM 16 Q. AND EVEN SOMEONE LIKE A PHARMACY TECHNICIAN WHO IS TRAINED  
01:29PM 17 TO BE A PHARMACY TECHNICIAN, THEY COULDN'T DO THAT EITHER  
01:29PM 18 UNLESS THEY WERE LICENSED TO BE A PHLEBOTOMIST; RIGHT?

01:29PM 19 A. THAT'S RIGHT. THAT'S WHY WE HAD, WHEN WE DESIGNED THE  
01:30PM 20 MODEL, WE HAD BOTH TRAINED PHARMACY TECHNICIANS TO DO A  
01:30PM 21 FINGERSTICK, AS WELL AS A PHLEBOTOMIST TO DO THE VENOUS DRAW  
01:30PM 22 SINCE PHARMACY TECHNICIANS COULD NOT DO THAT IN THEIR SCOPE OF  
01:30PM 23 PRACTICE.

01:30PM 24 Q. RIGHT. AND WHEN YOU HAD A PHLEBOTOMIST IN THE STORE FOR  
01:30PM 25 THAT PURPOSE, THERE WAS A COST TO THAT; RIGHT?



01:30PM 1 A. THERE WAS A COST TO THAT, YES.

01:30PM 2 Q. AND SOMEBODY HAD TO PAY THE PERSON TO BE THERE; RIGHT?

01:30PM 3 A. THAT'S CORRECT.

01:30PM 4 Q. AND SOMETIMES, YOU KNOW, YOU WOULD HAVE TO, YOU KNOW, FIND

01:30PM 5 PEOPLE WHO WERE TRAINED THAT YOU COULD EVEN HIRE FROM AN

01:30PM 6 EMPLOYMENT STANDPOINT; RIGHT?

01:30PM 7 A. YEAH. PHLEBOTOMISTS WERE DIFFICULT TO FIND AT THE TIME.

01:30PM 8 Q. RIGHT. NOW, INITIALLY WHEN WALGREENS STARTED COLLECTING

01:30PM 9 BLOOD IN ITS STORES IN ARIZONA, AND ONE HERE IN THE BAY AREA,

01:30PM 10 INITIALLY THERANOS PAID FOR THOSE PHLEBOTOMISTS; IS THAT

01:31PM 11 CORRECT?

01:31PM 12 A. THAT'S CORRECT.

01:31PM 13 Q. BUT IT WAS ALSO CONTEMPLATED THAT THAT WAS ONLY FOR

01:31PM 14 PURPOSES OF THE INITIAL PHASE OR THE PILOT; CORRECT?

01:31PM 15 A. CORRECT.

01:31PM 16 THE PHLEBOTOMISTS WERE THERE BECAUSE THE VENOUS DRAWS

01:31PM 17 CONTINUED TO EXIST, SO WE NEEDED TO HAVE A LICENSED

01:31PM 18 PRACTITIONER AS A PHLEBOTOMIST TO ACTUALLY TO DO THAT. THE

01:31PM 19 PHARMACY TECHNICIAN COULDN'T DO THAT.

01:31PM 20 ONCE THOSE VENOUS DRAWS WOULD DISAPPEAR, THERE WOULD BE NO

01:31PM 21 LONGER NEEDED A PHLEBOTOMIST IN THE STORES.

01:31PM 22 Q. AND THEREFORE, YOU WOULDN'T HAVE THAT COST TO PAY A

01:31PM 23 PHLEBOTOMIST; RIGHT?

01:31PM 24 A. THAT'S RIGHT. THAT'S RIGHT.

01:31PM 25 Q. BUT MY QUESTION WAS A LITTLE DIFFERENT, AND LET ME SEE IF

01:31PM 1 I CAN ASK IT CORRECTLY.

01:31PM 2 SO AS LONG AS THERE WERE PHLEBOTOMISTS IN THE STORES,

01:31PM 3 INITIALLY THERANOS WAS PAYING THOSE PHLEBOTOMISTS TO BE THERE

01:31PM 4 IN THE ARIZONA STORES; CORRECT?

01:31PM 5 A. YES.

01:31PM 6 Q. BUT YOU UNDERSTOOD THAT EVENTUALLY IF AND WHEN THE

01:31PM 7 PARTNERSHIP EXPANDED TO MORE STORES, THAT COST WOULD BE BORNE

01:32PM 8 BY WALGREENS AS OPPOSED TO THERANOS?

01:32PM 9 A. I DON'T REMEMBER WHAT THE AGREEMENT WAS, BUT I THINK THAT

01:32PM 10 WAS PART OF THE DISCUSSION.

01:32PM 11 Q. RIGHT. AND THIS WAS A CONCERN TO YOU AND YOUR TEAM AT

01:32PM 12 WALGREENS THAT YOU, AS THE STORES EXPANDED, MIGHT HAVE TO TAKE

01:32PM 13 ON THE COST OF PUTTING PHLEBOTOMISTS IN THE STORES; RIGHT?

01:32PM 14 A. IT WAS A CONCERN TO BOTH THERANOS AND WALGREENS, BECAUSE

01:32PM 15 THE MODEL THAT WE WERE DEVELOPING CONTEMPLATED LOW COST,

01:32PM 16 CONTEMPLATED FINGERSTICK, IT CONTEMPLATED FAST AND QUICK

01:32PM 17 RESULTS, AND SO HAVING A PHLEBOTOMIST AT SITE STARTS TO BREAK

01:32PM 18 DOWN ON A COUPLE OF THOSE POINTS, WHICH IS COST AND

01:32PM 19 FINGERSTICK.

01:32PM 20 SO IT WAS GOOD FOR BOTH THERANOS AND WALGREENS TO NOT HAVE

01:32PM 21 PHLEBOTOMISTS AT THE LOCATIONS.

01:32PM 22 Q. RIGHT. BUT IT IS ESPECIALLY A PROBLEM FOR WALGREENS

01:32PM 23 HAVING TO PAY FOR THE PHLEBOTOMISTS?

01:32PM 24 A. YES.

01:32PM 25 THE COURT: FOLKS, WHY DON'T YOU STAND AND STRETCH

01:33PM 1 FOR A MINUTE WHILE WE MOVE TO THE NEXT EXHIBIT.

01:33PM 2 (STRETCHING.)

01:33PM 3 THE COURT: MR. COOPERSMITH.

01:33PM 4 MR. COOPERSMITH: THANK YOU, YOUR HONOR.

01:33PM 5 Q. MR. JHAVERI, IF YOU CAN GO TO ANOTHER EXHIBIT,

01:33PM 6 EXHIBIT 20432?

01:33PM 7 A. 20432?

01:33PM 8 Q. YES.

01:33PM 9 A. IT MIGHT BE IN THE OTHER.

01:34PM 10 Q. I'M SORRY?

01:34PM 11 A. IT'S NOT IN THIS BINDER.

01:34PM 12 MR. COOPERSMITH: MAY I APPROACH, YOUR HONOR?

01:34PM 13 THE COURT: YES.

01:34PM 14 IT SHOULD BE IN THE BACK.

01:34PM 15 THE WITNESS: IT'S IN THE BACK, YES. THANK YOU.

01:34PM 16 BY MR. COOPERSMITH:

01:34PM 17 Q. OKAY. MR. JHAVERI, YOU NOW HAVE 20432 IN FRONT OF YOU?

01:34PM 18 A. YES, I DO.

01:34PM 19 Q. AND 20432 IS ANOTHER PRESS RELEASE.

01:34PM 20 DO YOU SEE THAT?

01:34PM 21 A. YES.

01:34PM 22 Q. AND IT'S ISSUED BY WALGREENS AND THERANOS?

01:34PM 23 A. YES, IT IS.

01:34PM 24 Q. AND IT RELATES TO THE PROGRAM TO HAVE BLOOD TESTS

01:34PM 25 COLLECTED IN WALGREENS STORES WITH THERANOS RUNNING THE LAB

01:34PM 1 SERVICES?

01:34PM 2 A. YES.

01:34PM 3 MR. COOPERSMITH: YOUR HONOR, WE OFFER 20432.

01:35PM 4 MR. SCHENK: NO OBJECTION.

01:35PM 5 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

01:35PM 6 (DEFENDANT'S EXHIBIT 20432 WAS RECEIVED IN EVIDENCE.)

01:35PM 7 BY MR. COOPERSMITH:

01:35PM 8 Q. MR. JHAVERI, LOOKING AT THIS, THIS IS DATED NOVEMBER 13TH,

01:35PM 9 2013.

01:35PM 10 DO YOU SEE THAT?

01:35PM 11 A. YES, I DO.

01:35PM 12 Q. AND IF YOU GO TO THE TOP, YOU SEE IT'S SOURCE

01:35PM 13 WWW.WALGREENS.COM?

01:35PM 14 A. YES.

01:35PM 15 Q. IS THAT WALGREENS'S WEBSITE?

01:35PM 16 A. IT IS.

01:35PM 17 Q. AND SO WAS THIS POSTED ON WALGREENS'S WEBSITE?

01:35PM 18 A. YES.

01:35PM 19 Q. AND THEN IF YOU GO DOWN -- WELL, LET'S JUST START FROM THE

01:35PM 20 FIRST PARAGRAPH JUST TO GET ORIENTED HERE.

01:35PM 21 IT SAYS "PHOENIX, NOVEMBER 13TH, 2013 -- THERANOS, INC.,

01:35PM 22 AND WALGREENS," THEN IT HAS THE STOCK TICKER NUMBERS, LETTERS,

01:35PM 23 "TODAY CELEBRATE THE OPENING OF NEW THERANOS WELLNESS CENTERS

01:35PM 24 LOCATED IN THE WALGREENS STORES IN THE PHOENIX METROPOLITAN

01:35PM 25 AREA."

01:35PM 1 DO YOU SEE THAT?

01:35PM 2 A. YES.

01:35PM 3 Q. AND SO THIS WAS THE ANNOUNCEMENT OF WHEN THE FIRST OF  
01:36PM 4 THOSE EVENTUALLY 40 PHOENIX STORES OPENING?

01:36PM 5 A. YES, THAT'S RIGHT.

01:36PM 6 Q. AND IF YOU GO TO THE SECOND PARAGRAPH OF THE EXHIBIT, AND  
01:36PM 7 THERE'S A SENTENCE THAT IS THE SECOND SENTENCE OF THE SECOND  
01:36PM 8 PARAGRAPH AND IT READS, "THE MICRO-SAMPLES, COLLECTED BY  
01:36PM 9 CERTIFIED PHLEBOTOMISTS, OR TRAINED WALGREENS TECHNICIANS, ARE  
01:36PM 10 TAKEN FROM EITHER A TINY FINGERSTICK OR TRADITIONAL METHOD,  
01:36PM 11 ELIMINATING THE NEED FOR LARGE NEEDLES AND NUMEROUS VIALS OF  
01:36PM 12 BLOOD TYPICALLY REQUIRED FOR DIAGNOSTIC LAB TESTING."

01:36PM 13 DO YOU SEE THAT?

01:36PM 14 A. YES, I DO.

01:36PM 15 Q. AND THE TRADITIONAL METHODS ARE THE VENOUS DRAWS; RIGHT?

01:36PM 16 A. THAT'S CORRECT.

01:36PM 17 Q. AND FOR THIS TO GO ON WALGREENS'S WEBSITE, THIS HAD TO BE  
01:36PM 18 APPROVED BY WALGREENS?

01:36PM 19 A. CORRECT.

01:36PM 20 Q. NOTHING GOES ON WALGREENS'S WEBSITE WITHOUT PEOPLE AT  
01:36PM 21 WALGREENS APPROVING IT; RIGHT?

01:36PM 22 A. WITH THE APPROPRIATE PEOPLE APPROVING IT, CORRECT.

01:36PM 23 Q. OKAY. ONE OF THE GOALS THAT WE, I THINK, MENTIONED  
01:37PM 24 EARLIER IS THAT PRICE TRANSPARENCY AND LOWER PRICES WERE PART  
01:37PM 25 OF THE PROGRAM THAT YOU WERE WORKING ON WITH THERANOS?

01:37PM 1 A. YES.

01:37PM 2 Q. OKAY. THERE'S AN EXHIBIT THAT IS ALREADY IN EVIDENCE I'D

01:37PM 3 LIKE TO PUBLISH, YOUR HONOR. IT'S EXHIBIT 3741A?

01:37PM 4 THE COURT: 3741A?

01:37PM 5 MR. COOPERSMITH: YES, YOUR HONOR.

01:37PM 6 THE COURT: YES, YOU MAY PUBLISH IT.

01:37PM 7 BY MR. COOPERSMITH:

01:37PM 8 Q. MR. JHAVERI, THIS IS A PORTION OF THE THERANOS WEBSITE

01:37PM 9 WITH SOME TEST MENUS, AND YOU SEE THAT THERE ARE PRICES LISTED

01:37PM 10 NEXT TO THE VARIOUS ASSAYS ON THE PAGE?

01:37PM 11 A. I DO.

01:37PM 12 Q. AND IS THIS THE PART YOU WERE TALKING ABOUT WHERE THE

01:37PM 13 PRICE WOULD BE POSTED SO PEOPLE KNOW WHAT THE PRICES WERE, AND

01:37PM 14 THE HOPE WAS AT LEAST THERE WOULD BE LOWER PRICES?

01:38PM 15 A. THAT'S RIGHT, FOR THOSE CASH PAYING CUSTOMERS.

01:38PM 16 Q. RIGHT.

01:38PM 17 A. RIGHT.

01:38PM 18 Q. AND YOU UNDERSTOOD THAT WHEN THERANOS WAS ACTUALLY RUNNING

01:38PM 19 THIS PROGRAM WITH WALGREENS, THE PRICES WERE, IN FACT, LOWER

01:38PM 20 THAN TRADITIONAL LABS; IS THAT RIGHT?

01:38PM 21 A. THAT'S RIGHT.

01:38PM 22 Q. IF WE CAN TURN TO A NEW EXHIBIT, 10083.

01:38PM 23 THE COURT: 1083?

01:39PM 24 MR. COOPERSMITH: YES, YOUR HONOR.

01:39PM 25 Q. MR. JHAVERI, LOOKING AT EXHIBIT 10083 --

01:39PM 1 THE COURT: 1083?

01:39PM 2 MR. COOPERSMITH: I'M SORRY, YOUR HONOR. IT'S 1083.

01:39PM 3 THE WITNESS: LET ME JUST REVIEW IT, IF YOU DON'T

01:39PM 4 MIND, PLEASE.

01:39PM 5 (PAUSE IN PROCEEDINGS.)

01:39PM 6 THE WITNESS: I DON'T RECALL THE EXACT DOCUMENT. I

01:39PM 7 DO RECALL SOME OF THE POINTS MADE IN THE DOCUMENT.

01:40PM 8 MR. COOPERSMITH: OKAY.

01:40PM 9 Q. IN THAT CASE, I THINK WE CAN JUST MOVE ON TO ANOTHER

01:40PM 10 EXHIBIT. EXHIBIT 1387, THIS IS ALREADY IN EVIDENCE.

01:40PM 11 THIS IS THE AMENDED AND RESTATED THERANOS MASTER SERVICE

01:40PM 12 AGREEMENT BY LETTER.

01:40PM 13 DO YOU SEE THAT?

01:40PM 14 A. YES, SIR.

01:40PM 15 Q. SO THIS WAS ANOTHER AMENDMENT TO THE AGREEMENT BETWEEN

01:40PM 16 WALGREENS AND THERANOS; IS THAT CORRECT?

01:40PM 17 A. YES.

01:40PM 18 Q. AND THIS WAS AFTER THE LAUNCH ACTUALLY OCCURRED; IS THAT

01:40PM 19 CORRECT?

01:40PM 20 A. YES, THAT'S CORRECT.

01:40PM 21 Q. OKAY. AND IF YOU LOOK AT THE FIRST -- THE SECOND FULL

01:40PM 22 PARAGRAPH, IT SAYS, "IT IS THE INTENTION OF THE PARTIES TO

01:41PM 23 DEVELOP A MUTUALLY BENEFICIAL STRATEGIC RELATIONSHIP THAT

01:41PM 24 FACILITATES THE SUCCESSFUL DEPLOYMENT OF THERANOS NATIONALLY,

01:41PM 25 ESTABLISHES WALGREENS AS THE NATIONAL PARTNER FOR LABORATORY

01:41PM 1 SERVICES THAT THERANOS IS ABLE TO PROVIDE, AND THERANOS AS  
01:41PM 2 WALGREENS NATIONAL PARTNER FOR SUCH THERANOS SERVICES."

01:41PM 3 DO YOU SEE THAT?

01:41PM 4 A. YES, SIR.

01:41PM 5 Q. AND THAT WAS THE GOAL, TO DEVELOP A RELATIONSHIP THAT  
01:41PM 6 WOULD RESULT IN A NATIONAL ROLLOUT OF A PARTNERSHIP BETWEEN  
01:41PM 7 THERANOS AND WALGREENS?

01:41PM 8 A. YES, THAT WAS THE GOAL.

01:41PM 9 Q. AND IF YOU GO TO THE NEXT PAGE, PAGE 2, AND THERE'S  
01:41PM 10 ACTUALLY A SECTION CALLED NATIONAL ROLLOUT; NEW MARKET ENTRY.

01:41PM 11 DO YOU SEE THAT?

01:41PM 12 A. YES.

01:41PM 13 Q. AND IT SAYS, "THE PARTIES SHALL WORK TOGETHER TO DEVELOP A  
01:41PM 14 FORECAST THAT DETAILS THE ANTICIPATED ROLLOUT DATES FOR  
01:41PM 15 THERANOS SERVICES IN INDIVIDUAL U.S. STATES/TERRITORIES."

01:41PM 16 DO YOU SEE THAT?

01:41PM 17 A. I DO.

01:41PM 18 Q. AND IT GOES ON.

01:42PM 19 "THE PARTIES ARE COMMITTED TO TAKING ALL STEPS REASONABLY  
01:42PM 20 NECESSARY TO ENSURE A SUCCESSFUL NATIONAL ROLLOUT OF THE  
01:42PM 21 THERANOS SERVICES, AND AGREE THAT A QUALITY STORE AND PATIENT  
01:42PM 22 EXPERIENCE IS AN IMPORTANT COMPONENT OF THIS SUCCESS AS PATIENT  
01:42PM 23 ADOPTION AND ACCEPTANCE OF THERANOS'S LABORATORY SERVICES WILL  
01:42PM 24 BE HIGHLY IMPACTED BY THE PATIENT EXPERIENCE."

01:42PM 25 DO YOU SEE THAT?



01:42PM 1 A. I DO.

01:42PM 2 Q. AND PART OF THE PATIENT EXPERIENCE WAS THAT RATING YOU  
01:42PM 3 DESCRIBED WHEN YOU WERE TALKING TO MR. SCHENK, THAT 1 TO 5  
01:42PM 4 RATING, THAT'S PART OF THE PATIENT EXPERIENCE METRIC; IS THAT  
01:42PM 5 RIGHT?

01:42PM 6 A. YES.

01:42PM 7 Q. AND IN TERMS OF THE GOALS THAT ARE STATED HERE IN THIS  
01:42PM 8 CONTRACT, THAT IS WHAT YOU AND YOUR TEAM AT WALGREENS WERE  
01:42PM 9 WORKING TOWARDS WHILE YOU WERE ON THIS PROJECT WITH MR. BALWANI  
01:42PM 10 AND THERANOS? YOU WERE TRYING TO DO EVERYTHING YOU COULD TO  
01:42PM 11 CREATE A SUCCESSFUL NATIONAL ROLLOUT. THAT'S WHAT YOUR GOAL  
01:42PM 12 WAS; RIGHT?

01:42PM 13 A. THAT'S CORRECT.

01:42PM 14 Q. IF YOU GO DOWN TO THE NEXT PARAGRAPH, THERE'S A SECTION  
01:42PM 15 CALLED EXCLUSIVITY.

01:43PM 16 A. YES.

01:43PM 17 Q. AND THEN THAT SAYS TO START WITH, "AS DETAILED BELOW,  
01:43PM 18 WALGREENS IS WILLING TO COMMIT TO A HIGHER LEVEL OF BUILD OUT  
01:43PM 19 WITH RESPECT TO ITS STORES IN ORDER TO PROVIDE SERVICES TO  
01:43PM 20 THERANOS. THE PARTIES' EXPECTATION IS THAT THE MAJORITY OF  
01:43PM 21 THERANOS SPACE WILL BE GOLD OR SILVER SPACE WITH NO MORE THAN  
01:43PM 22 20 PERCENT BRONZE SPACES AND MINIMUM 40 PERCENT GOLD SPACE."

01:43PM 23 DO YOU SEE THAT?

01:43PM 24 A. I DO.

01:43PM 25 Q. AND SO YOU RECALL THAT THERE WERE STORES LABELLED BY

01:43PM 1 THERANOS AND WALGREENS AS GOLD AND SILVER AND BRONZE STORES?  
01:43PM 2 A. YES. THIS WAS PART OF THE DESIGN OF THE STORE, AN  
01:43PM 3 EXPERIENCE THAT WE WOULD CREATE.

01:43PM 4 AGAIN, AS I MENTIONED EARLIER, IT WAS PRUDENT FOR BOTH  
01:43PM 5 ORGANIZATIONS TO MAKE SURE THAT WE COULD MINIMIZE COSTS,  
01:43PM 6 UNNECESSARY COSTS, WE COULD CREATE A GREAT EXPERIENCE ACROSS  
01:43PM 7 ALL OF THESE STORES, AND SO WE DIVIDED WHAT POTENTIALLY THE  
01:43PM 8 MAKEUP OF THE STORES WOULD LOOK LIKE, 40 PERCENT BEING GOLD,  
01:44PM 9 AND SO ON AND SO FORTH.

01:44PM 10 AND THE IDEA HERE WAS THAT THE GOLD STORES WOULD HAVE A  
01:44PM 11 LARGER SPACE. THE SPACE WOULD LOOK A LITTLE DIFFERENT, SORT OF  
01:44PM 12 A MORE ADVANCED LOOK, AND IT WOULD BE POTENTIALLY IN A 24-HOUR  
01:44PM 13 LOCATION.

01:44PM 14 SO, AGAIN, THE IDEA HERE WAS TO TAKE OUR ENTIRE FLEET OF  
01:44PM 15 STORES AND TO MAKE SURE THAT WE HAVE SERVICES THAT WE COULD  
01:44PM 16 RENDER THROUGHOUT THAT FLEET, WHILE ALSO MINIMIZING COSTS,  
01:44PM 17 WHILE ALSO MINIMIZING DISRUPTION TO THE STORES, AND THEN, OF  
01:44PM 18 COURSE, ALSO CONSIDERING THAT NOT ALL STORES ARE EXACTLY THE  
01:44PM 19 SAME SIZE.

01:44PM 20 SO THAT WAS THE WHOLE PURPOSE FOR THIS.

01:44PM 21 Q. OKAY. THANK YOU.

01:44PM 22 AND THE GOLD STORES, THOUGH, THAT WOULD BE THE HIGHEST  
01:44PM 23 LEVEL OF BUILD OUT THAT WOULD BE PART OF THE PROGRAM; IS THAT  
01:44PM 24 RIGHT?

01:44PM 25 A. THAT'S RIGHT.

01:44PM 1 Q. OKAY. AND THE GOLD STORES WOULD HAVE SPACE DEDICATED TO  
01:44PM 2 THERANOS LAB SERVICES AND ALSO INCLUDE A BATHROOM; IS THAT  
01:45PM 3 RIGHT?

01:45PM 4 A. THAT'S RIGHT.

01:45PM 5 Q. AND HAVING A BATHROOM WAS IMPORTANT BECAUSE SOMETIMES  
01:45PM 6 PATIENTS GAVE URINE SAMPLES; RIGHT?

01:45PM 7 A. THAT'S CORRECT. IT WAS SET UP FOR ANY TYPE OF OTHER  
01:45PM 8 SAMPLES, URINE, FECES, SPUTUM, THINGS OF THAT NATURE.

01:45PM 9 SO HAVING A BATHROOM THAT WAS CONNECTED TO THE SPACE WHERE  
01:45PM 10 WE WOULD TAKE THE LAB -- THE BLOOD SAMPLE WAS VERY CONVENIENT  
01:45PM 11 FOR THE PATIENT, AND IT ALSO EXPANDED THE SERVICES THAT WE WERE  
01:45PM 12 ABLE TO PROVIDE, THAT THERANOS WAS ABLE TO PROVIDE IN THAT  
01:45PM 13 PARTICULAR STORE.

01:45PM 14 Q. AND THE GOLD STORE LEVEL, SO THAT WOULD BE TWO DEDICATED  
01:45PM 15 ROOMS. IT WOULD BE A ROOM FOR THE BLOOD COLLECTION ITSELF  
01:45PM 16 DEDICATED TO THERANOS, AND ALSO A BATHROOM THAT WOULD HAVE TO  
01:45PM 17 BE CONSTRUCTED; RIGHT?

01:45PM 18 A. YES.

01:45PM 19 Q. AND THEN OTHER STORES, LIKE THE SILVER AND BRONZE STORES,  
01:45PM 20 IT WOULD MAKE USE OF AN EXISTING BATHROOM IN THE STORES, FOR  
01:45PM 21 EXAMPLE?

01:45PM 22 A. THAT'S CORRECT.

01:45PM 23 SO WHAT WE DID IN THOSE PARTICULAR -- THOSE OTHER  
01:45PM 24 LOCATIONS IS ALL OF THE STORES HAVE THEIR OWN BATHROOMS FOR  
01:45PM 25 EMPLOYEE USE OR CUSTOMER USE OR PATIENT USE.

01:46PM 1 WE WOULD TAKE THOSE EXISTING BATHROOMS AND INCORPORATE  
01:46PM 2 THAT INTO THE WORKFLOW FOR THOSE PARTICULAR LOCATIONS, AND  
01:46PM 3 THAT'S HOW WE, AGAIN, MINIMIZED COSTS, AT THE SAME TIME STILL  
01:46PM 4 CREATING A GOOD EXPERIENCE.

01:46PM 5 Q. OKAY. AND THEN THERE WERE OTHER STORES WHERE THE THERANOS  
01:46PM 6 BLOOD COLLECTION SITE WOULD BE A SHARED SPACE WITH ANOTHER  
01:46PM 7 SERVICE THAT WALGREENS WAS PROVIDING?

01:46PM 8 A. THAT'S RIGHT.

01:46PM 9 Q. SO, FOR EXAMPLE, WALGREENS OPERATED STORES THAT WERE KNOWN  
01:46PM 10 AS HCC; IS THAT RIGHT?

01:46PM 11 A. HEALTH CARE CLINICS.

01:46PM 12 Q. HCC STAND FORWARD HEALTH CARE CLINICS?

01:46PM 13 A. THAT'S CORRECT.

01:46PM 14 Q. OKAY. SO WALGREENS HAD THESE CERTAIN STORES THAT HAD  
01:46PM 15 HEALTH CARE CLINICS IN THE STORES?

01:46PM 16 A. YEAH. THESE HEALTH CARE CLINICS, JUST TO CLARIFY WHAT  
01:46PM 17 THEY ARE, THESE WERE A NURSE PRACTITIONER DRIVEN LOCATIONS  
01:46PM 18 WHERE YOU COULD GET YOUR BASIC PRIMARY CARE SERVICES, AND SO  
01:46PM 19 THEY WERE CALLED HEALTH CARE CLINICS.

01:46PM 20 Q. OKAY. AND THEN WE TALKED EARLIER ABOUT THE WELL  
01:46PM 21 EXPERIENCE STORES. THOSE WERE STORES THAT MIGHT HAVE A ROOM  
01:47PM 22 THAT COULD BE USED AS A BLOOD COLLECTION SITE, AMONG OTHER  
01:47PM 23 THINGS?

01:47PM 24 A. THAT'S RIGHT.

01:47PM 25 Q. OKAY. BUT THOSE WOULDN'T NECESSARILY BE GOLD STORES;

01:47PM 1 CORRECT?

01:47PM 2 A. NO. ANY STORE COULD BE A GOLD STORE. WE JUST NEEDED TO  
01:47PM 3 MAKE SURE THAT IT MET ALL OF THE CRITERIA BOTH FROM A THERANOS  
01:47PM 4 PERSPECTIVE AS WELL AS FROM A WALGREENS PERSPECTIVE.

01:47PM 5 AGAIN, THE BIGGEST CRITERIA FOR THE GOLD STORES WAS HAVING  
01:47PM 6 THE SPACE TO PUT TWO ROOMS NEXT TO THE PHARMACY.

01:47PM 7 SO IF THE STORE DID NOT HAVE THE ABILITY TO DO THAT, EVEN  
01:47PM 8 IF IT WAS A WELL EXPERIENCE STORE, WE WOULD BE UNABLE TO DO  
01:47PM 9 THAT.

01:47PM 10 SO IT DOESN'T -- IT'S NOT NECESSARILY THAT ONE STORE OVER  
01:47PM 11 ANOTHER IS ALWAYS GOING TO BE -- SO EVERY 24-HOUR STORE IS  
01:47PM 12 GOING TO BE A GOLD STORE. THAT'S NOT THE CASE.

01:47PM 13 WE LOOKED AT THE ENTIRE FLEET AND MADE SURE THAT IT MET  
01:47PM 14 THE CRITERIA TO BE A GOLD STORE, A BRONZE STORE, AND THEN  
01:47PM 15 SUBSEQUENTLY A SILVER STORE.

01:47PM 16 Q. OKAY. WITH THE SPACES THAT WERE BUILT OUT THAT WERE GOLD  
01:48PM 17 STORES, SOME OF THOSE WOULD ACTUALLY HAVE THERANOS BRANDING  
01:48PM 18 LIKE ON THE LITTLE SPACE INSIDE OF THE WALGREENS STORE THAT WAS  
01:48PM 19 THE THERANOS OPERATION; RIGHT?

01:48PM 20 A. CORRECT. BECAUSE KEEP IN MIND THE GOLD STORES WERE  
01:48PM 21 DEDICATED SPACE, RIGHT? SO IT WAS A THERANOS SPACE IN THE  
01:48PM 22 BATHROOM. SO IN THOSE PARTICULAR LOCATIONS WE DID PUT  
01:48PM 23 BRANDING, THE THERANOS BRANDING RIGHT ON THE OUTSIDE OF THE  
01:48PM 24 DOOR.

01:48PM 25 Q. RIGHT. SO IF SOMEONE WENT TO THAT PART OF THE WALGREENS

01:48PM 1 STORE, EVEN THOUGH THEY WERE IN A WALGREENS STORE, THEY WOULD

01:48PM 2 SEE A SIGNAGE THAT SAID THERANOS WELLNESS CENTER OR SOMETHING

01:48PM 3 LIKE THAT?

01:48PM 4 A. CORRECT, CORRECT.

01:48PM 5 Q. OKAY. AND FOR OTHER STORES THAT WERE USING -- YOU KNOW,

01:48PM 6 COLLECTING BLOOD IN A WELL EXPERIENCE STORE OR A HEALTH CARE

01:48PM 7 CLINIC, THEY WOULDN'T NECESSARILY HAVE THAT BRANDING; RIGHT?

01:48PM 8 A. NO. ALL OF THE STORES STILL HAD BRANDING THAT SHOWED THAT

01:48PM 9 WE OFFERED THERANOS SERVICES IN THOSE LOCATIONS.

01:48PM 10 AGAIN, IF WE DIDN'T HAVE ANY BRANDING, NO PATIENTS WOULD

01:49PM 11 KNOW THAT WE ACTUALLY OFFERED THAT SERVICE.

01:49PM 12 SO EVERY STORE HAD SOME LEVEL OF BRANDING. IT MAY NOT BE

01:49PM 13 THE EXACT BRANDING, BUT EVERY STORE HAD SIGNAGE IN THE FRONT OF

01:49PM 14 THE STORE AND SIGNAGE IN THE BACK BY THE PHARMACY, AND IF THE

01:49PM 15 SPACE WAS AVAILABLE, WE WOULD HAVE ADDITIONAL THERANOS BRANDING

01:49PM 16 ON TOP OF THAT.

01:49PM 17 Q. BUT FOR THOSE NON-GOLD STORES, THERE WOULDN'T BE A

01:49PM 18 DEDICATED SPACE BUILT OUT JUST FOR THERANOS?

01:49PM 19 A. NO. THAT WAS THE WHOLE POINT OF THE GOLD, SILVER, AND

01:49PM 20 BRONZE.

01:49PM 21 Q. OKAY. LET'S GO TO EXHIBIT 1673 IN YOUR BINDER.

01:49PM 22 THIS IS AN EMAIL FROM APRIL 15TH, 2014, FROM YOURSELF; IS

01:50PM 23 THAT RIGHT?

01:50PM 24 A. YES.

01:50PM 25 Q. AND IT'S TO A PRETTY LARGE GROUP OF PEOPLE.

01:50PM 1 DO YOU SEE THAT?

01:50PM 2 A. YES.

01:50PM 3 Q. ONE OF THEM IS SOMEONE NAMED KERMIT CRAWFORD.

01:50PM 4 DO YOU SEE THAT?

01:50PM 5 A. YES.

01:50PM 6 Q. AND WHO IS THAT?

01:50PM 7 A. KERMIT CRAWFORD WAS PRESIDENT AT THE TIME OF THE PHARMACY

01:50PM 8 AREA.

01:50PM 9 Q. DO YOU RECALL A TIME THAT MR. CRAWFORD GOT A THERANOS

01:50PM 10 BLOOD TEST?

01:50PM 11 A. I DON'T.

01:50PM 12 Q. OKAY. YOU DON'T HAVE A MEMORY?

01:50PM 13 A. I DON'T REMEMBER HIM GETTING A BLOOD TEST.

01:50PM 14 Q. OKAY. ANYWAY, DOES THIS EMAIL RELATE TO THE OPENING OF

01:50PM 15 STORES IN PHOENIX?

01:50PM 16 A. YES. IT'S THE ANNOUNCEMENT FOR THE EIGHT ADDITIONAL

01:50PM 17 STORES THAT WE HAD JUST OPENED.

01:50PM 18 Q. AND WAS THIS AN EMAIL INTERNAL TO WALGREENS?

01:50PM 19 A. YES, IT WAS.

01:50PM 20 Q. AND DID YOU USE EMAIL WITHIN WALGREENS TO COMMUNICATE WITH

01:50PM 21 YOUR COLLEAGUES ABOUT DIFFERENT PROGRAMS THAT WALGREENS HAD?

01:50PM 22 A. YES.

01:50PM 23 Q. AND INCLUDING THE THERANOS PROGRAM?

01:50PM 24 A. YES, WE DID.

01:50PM 25 Q. AND WOULD IT BE NECESSARY FOR YOU AND YOUR COLLEAGUES WHEN

01:51PM 1 YOU COMMUNICATED BY EMAIL TO MAKE SURE THAT YOU WERE

01:51PM 2 COMMUNICATING ACCURATE INFORMATION?

01:51PM 3 A. YES.

01:51PM 4 Q. AND WAS THERE A SYSTEM AT WALGREENS TO STORE EMAILS SO

01:51PM 5 THAT IF SOMEONE NEEDED TO REFER BACK TO SOMETHING, THEY COULD

01:51PM 6 DO THAT?

01:51PM 7 A. YES. AND I DON'T KNOW THE EXACT POLICY THAT WAS IN PLACE

01:51PM 8 AT THE TIME FOR RETENTION OF EMAILS, BUT, YES.

01:51PM 9 Q. WHILE THEY WERE RETAINED, SOMEONE COULD REFER BACK TO

01:51PM 10 THEM?

01:51PM 11 A. CORRECT.

01:51PM 12 Q. TO GET THE INFORMATION THAT WAS COMMUNICATED IN THE EMAIL?

01:51PM 13 A. THAT'S CORRECT.

01:51PM 14 MR. COOPERSMITH: YOUR HONOR, WE OFFER 1673.

01:51PM 15 MR. SCHENK: YOUR HONOR, I'M NOT SURE -- NO

01:51PM 16 OBJECTION.

01:51PM 17 I'M NOT SURE IT MATTERS, BUT IT GOES BOTH TO MS. HOLMES

01:51PM 18 AND MR. BALWANI.

01:51PM 19 I DON'T THINK IT'S INTERNAL.

01:51PM 20 THE COURT: I'LL ADMIT IT, AND IT MAY BE PUBLISHED.

01:51PM 21 (GOVERNMENT'S EXHIBIT 1673 WAS RECEIVED IN EVIDENCE.)

01:51PM 22 MR. COOPERSMITH: AND I THANK MR. SCHENK FOR HIS

01:51PM 23 OBSERVATION, YOUR HONOR. THAT IS THE CASE.

01:51PM 24 Q. IF YOU GO TO PAGE 1, IT SAYS, "GOOD AFTERNOON FOLKS.

01:51PM 25 "IN SEPTEMBER 2013, THERANOS AND WALGREENS ANNOUNCED A



01:52PM 1 LONG-TERM PARTNERSHIP TO BRING THERANOS'S NEW LAB TESTING  
01:52PM 2 SERVICE TO WALGREENS STORES NATIONWIDE."

01:52PM 3 DO YOU SEE THAT?

01:52PM 4 A. YES.

01:52PM 5 Q. AND THEN IT SAYS, "THE FIRST THERANOS WELLNESS CENTER  
01:52PM 6 OPENED THAT MONTH AT A WALGREENS IN PALO ALTO, WHERE THERANOS  
01:52PM 7 IS HEADQUARTERED."

01:52PM 8 DO YOU SEE THAT?

01:52PM 9 A. YES, I DO.

01:52PM 10 Q. AND THEN IT SAYS, "WE THEN OPENED TWO ADDITIONAL LOCATIONS  
01:52PM 11 IN THE PHOENIX METROPOLITAN AREA ON NOVEMBER 13TH, 2013."

01:52PM 12 DO YOU SEE THAT?

01:52PM 13 A. YES.

01:52PM 14 Q. AND THEN IT SAYS, "TODAY WE CELEBRATE THE EXPANSION OF  
01:52PM 15 THERANOS WELLNESS CENTERS IN EIGHT ADDITIONAL STORES IN THE  
01:52PM 16 PHOENIX METROPOLITAN AREA."

01:52PM 17 DO YOU SEE THAT?

01:52PM 18 A. I DO.

01:52PM 19 Q. AND THEN IT GOES ON, "THIS MARKS THE BEGINNING OF OUR  
01:52PM 20 EXPANSION OF THERANOS WELLNESS CENTERS IN ARIZONA."

01:52PM 21 DO YOU SEE THAT?

01:52PM 22 A. YES.

01:52PM 23 Q. AND THEN IT GOES ON, "OUR PARTNER, THERANOS, HAS SUPPLIED  
01:52PM 24 US WITH PHLEBOTOMISTS TO SUPPORT WALGREENS TECHNICIANS AS THEY  
01:52PM 25 PERFORM LAB SERVICES."

01:52PM 1 DO YOU SEE THAT?

01:52PM 2 A. YES.

01:52PM 3 Q. AND WE TALKED ABOUT THIS BEFORE, BUT IT THERANOS THAT WAS  
01:53PM 4 SUPPLYING THE PHLEBOTOMISTS AT THIS STAGE --

01:53PM 5 THE COURT: IT WAS THERANOS THAT WAS PROVIDING  
01:53PM 6 THE --

01:53PM 7 MR. COOPERSMITH: YES, THANK YOU, YOUR HONOR.

01:53PM 8 Q. JUST SO WE'RE CLEAR ON THE RECORD, AT THIS INITIAL STAGE,  
01:53PM 9 IT WAS THERANOS THAT WAS PROVIDING THE PHLEBOTOMISTS?

01:53PM 10 A. THAT'S CORRECT.

01:53PM 11 Q. BUT THAT WOULD NOT ALWAYS BE THE CASE?

01:53PM 12 A. THERE WAS DISCUSSION. THERE WAS NO CONFIRMATION AS TO  
01:53PM 13 WHAT WAS GOING TO BE THE GOING FORWARD PLAN.

01:53PM 14 Q. BUT AFTER THIS INITIAL PHASE, THERANOS WAS NOT GOING TO BE  
01:53PM 15 OBLIGATED UNLESS THERE WAS AN AGREEMENT TO PROVIDE  
01:53PM 16 PHLEBOTOMISTS; RIGHT?

01:53PM 17 A. RIGHT. THE PHLEBOTOMISTS ARE -- AGAIN, JUST TO REITERATE,  
01:53PM 18 THE PHLEBOTOMISTS WERE THERE PRIMARILY TO DO THE VENOUS DRAWS.  
01:53PM 19 BECAUSE THE VENOUS DRAWS WERE STILL PRESENT IN THOSE LOCATIONS,  
01:53PM 20 WE HAD TO HAVE PHLEBOTOMISTS. THERANOS KNEW THAT. WE KNEW  
01:53PM 21 THAT. AND THAT'S WHY WE PUT THOSE PHLEBOTOMISTS IN PLACE.

01:53PM 22 Q. RIGHT. AND THERE WERE STILL VENOUS DRAWS OR SOME LEVEL OF  
01:53PM 23 VENOUS DRAWS, AT SOME POINT, WITHOUT SOME OTHER AGREEMENT WITH  
01:54PM 24 THERANOS, WALGREENS MIGHT HAVE TO TAKE ON THAT COST; RIGHT?

01:54PM 25 A. HYPOTHETICALLY, YES.

01:54PM 1 Q. OKAY. THEN IF YOU GO TO THE SECOND PAGE OF THE EXHIBIT,  
01:54PM 2 THE LAST BULLET THERE READS, "FUTURE MARKET EXPANSION PLANS  
01:54PM 3 OUTSIDE OUR NORTHERN CALIFORNIA OR PHOENIX MARKET. ONLY  
01:54PM 4 MENTION OUR RELATIONSHIP AND THAT THE COMPANIES PLAN TO OFFER  
01:54PM 5 THE SERVICE AT WALGREENS LOCATIONS NATIONWIDE."

01:54PM 6 DO YOU SEE THAT?

01:54PM 7 A. YES.

01:54PM 8 Q. AND IT SAYS, "WE LOOK FORWARD TO EXPANDING IN THE PHOENIX  
01:54PM 9 MARKET OVER THE NEXT FEW MONTHS AND PLAN TO EXPAND IN  
01:54PM 10 ADDITIONAL MARKETS IN THE FUTURE."

01:54PM 11 DO YOU SEE THAT?

01:54PM 12 A. YES.

01:54PM 13 Q. AND THAT WAS WHAT YOUR GOAL WAS AT THE TIME YOU WROTE THIS  
01:54PM 14 EMAIL?

01:54PM 15 A. YES, ABSOLUTELY. THE GOAL WAS TO EXPAND NATIONWIDE AND TO  
01:54PM 16 FURTHER EXPAND BEYOND PHOENIX.

01:55PM 17 AGAIN, AS WE WERE MONITORING THE PILOT, WE WERE MONITORING  
01:55PM 18 THE RESULTS AND THOSE DECISIONS WERE BEING MADE.

01:55PM 19 Q. IF YOU GO TO -- THE NEXT EXHIBIT I WANT TO TALK ABOUT WITH  
01:55PM 20 YOU IS 1708. 1708.

01:55PM 21 DO YOU SEE THIS IS AN EMAIL EXCHANGE BETWEEN YOU AND  
01:55PM 22 MR. BALWANI ON MAY 6TH, 2014?

01:55PM 23 A. YES, I DO.

01:55PM 24 Q. AND IT CONCERNS DETAILS ABOUT VP VERSUS FS.

01:55PM 25 DO YOU SEE THAT?

01:55PM 1 A. YES.

01:55PM 2 Q. AND VP REFERS TO VENIPUNCTURE?

01:55PM 3 A. CORRECT.

01:55PM 4 Q. AND FS FINGERSTICK?

01:55PM 5 A. YES.

01:55PM 6 MR. COOPERSMITH: YOUR HONOR, WE OFFER 1708.

01:56PM 7 MR. SCHENK: NO OBJECTION.

01:56PM 8 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

01:56PM 9 (GOVERNMENT'S EXHIBIT 1708 WAS RECEIVED IN EVIDENCE.)

01:56PM 10 BY MR. COOPERSMITH:

01:56PM 11 Q. LET'S LOOK AT THE BOTTOM EMAIL BECAUSE THAT'S THE EARLIEST

01:56PM 12 IN TIME.

01:56PM 13 THIS IS FROM MR. BALWANI.

01:56PM 14 IT SAYS, "NIM,

01:56PM 15 "BEFORE WE COMMUNICATE AROUND VP/FS RATIO AND WHY IS THE

01:56PM 16 PERCENTAGE THE WAY IT IS ET CETERA TO THE FIELD, I WOULD LIKE

01:56PM 17 TO MAKE SURE WE ARE ON THE SAME PAGE ON WHAT TO COMMUNICATE."

01:56PM 18 DO YOU SEE THAT?

01:56PM 19 A. I DO.

01:56PM 20 Q. AND THEN IF YOU GO TO THE SECOND PARAGRAPH, IT SAYS, "ONE

01:56PM 21 THING I DIDN'T BRING UN," BUT MAYBE IT'S UP, "ON THE CALL (BUT

01:56PM 22 PERHAPS SHOULD HAVE) IS THAT WE DON'T HEAR DOCS OR PATIENTS

01:56PM 23 COMPLAINING ABOUT OUR VENIPUNCTURE PERCENTAGE BECAUSE THE

01:56PM 24 OVERALL VALUE OF OUR OFFERING IS SO MUCH HIGHER/BETTER THAN

01:56PM 25 ANYTHING IN THE MARKET."

01:56PM 1 DO YOU SEE THAT?

01:56PM 2 A. I DO.

01:56PM 3 Q. AND IT GOES ON, "I KNOW WAG TEAM CARES ABOUT REDUCING THIS  
01:57PM 4 NUMBER SO WE CAN SCALE ACROSS THE NATION WITHOUT THE NEED FOR  
01:57PM 5 PHLEBOTOMY AND WE AGREE WITH THAT. HOWEVER, IN OUR OPINION,  
01:57PM 6 THE FIELD SHOULD ONLY NEED TO KNOW THAT THIS RATIO VP/FS IS  
01:57PM 7 GOING TO GO DOWN RAPIDLY AND NOT HOW."

01:57PM 8 DO YOU SEE THAT?

01:57PM 9 A. YES, SIR.

01:57PM 10 Q. AND YOU SEE MR. BALWANI IS TELLING YOU -- WELL, FIRST OF  
01:57PM 11 ALL, THIS WAS ONE OF THE DISCUSSIONS YOU WERE HAVING WITH  
01:57PM 12 MR. BALWANI ABOUT VENIPUNCTURE?

01:57PM 13 A. YES. WE COMMUNICATED OFTEN ABOUT THINGS LIKE THIS.

01:57PM 14 Q. AND SOMETIMES ORALLY AND SOMETIMES BY EMAIL; CORRECT?

01:57PM 15 A. CORRECT.

01:57PM 16 Q. AND THIS HAPPENS TO BE AN EMAIL?

01:57PM 17 A. THAT'S CORRECT.

01:57PM 18 Q. AND HERE YOU SEE MR. BALWANI IS TELLING YOU THAT PATIENTS  
01:57PM 19 AND DOCTORS ARE NOT COMPLAINING ABOUT VENIPUNCTURE PERCENTAGE.

01:57PM 20 DO YOU SEE THAT?

01:57PM 21 A. I DO.

01:57PM 22 Q. AND THEN HE ALSO SAYS THAT, IN HIS VIEW, THE OVERALL VALUE  
01:57PM 23 OF OUR OFFERING IS SO MUCH HIGHER THAN ANYTHING IN THE MARKET.

01:57PM 24 DO YOU SEE THAT?

01:57PM 25 A. YES, I DO.

01:57PM 1 Q. YOU WRITE IN THE TOP EMAIL, "COMPLETELY UNDERSTAND AND  
01:58PM 2 AGREE."

01:58PM 3 A. YES.

01:58PM 4 Q. "WE WILL NOT COMMUNICATE ANYTHING UNLESS YOU AND I BOTH  
01:58PM 5 AGREE ON THE WHAT AND HOW OF THE COMMUNICATION. DO NOT WORRY  
01:58PM 6 MY FRIEND. LET'S TOUCH BASE LATER THIS WEEK TO DEBRIEF ON THE  
01:58PM 7 MEETING."

01:58PM 8 DO YOU SEE THAT?

01:58PM 9 A. YES, I DO.

01:58PM 10 Q. AND THIS IS THE SAME DAY AS ONE OF THOSE PARTNERSHIP  
01:58PM 11 MEETINGS THAT YOU WERE TALKING ABOUT ON DIRECT EXAMINATION?

01:58PM 12 A. I THINK IT WAS AN EXECUTIVE STEERING COMMITTEE MEETING  
01:58PM 13 THAT DAY.

01:58PM 14 Q. OKAY. BUT IT'S THAT MEETING THAT IS BEING REFERRED TO?

01:58PM 15 A. THAT'S RIGHT.

01:58PM 16 Q. OKAY. LET'S GO TO EXHIBIT 1711, WHICH IS ALREADY IN  
01:59PM 17 EVIDENCE.

01:59PM 18 THIS IS THE MEETING YOU WERE TALKING ABOUT, THE EXECUTIVE  
01:59PM 19 STEERING COMMITTEE?

01:59PM 20 A. YES, IT IS.

01:59PM 21 Q. AND IT WAS ON MAY 6TH, 2014?

01:59PM 22 A. YES, SIR.

01:59PM 23 Q. AND THE FIRST PAGE OF THIS EMAIL, AND IT'S FROM  
01:59PM 24 PATTY HAWORTH, AND I THINK YOU TALKED ABOUT HER EARLIER; RIGHT?

01:59PM 25 A. YES.

01:59PM 1 Q. AND SHE WROTE, "SEE ATTACHED SLIDE DECK FOR THE DIAGNOSTIC  
01:59PM 2 TESTING EXECUTIVE STEERING COMMITTEE MEETING TODAY."  
01:59PM 3 DO YOU SEE THAT?  
01:59PM 4 A. YES.  
01:59PM 5 Q. AND MS. HAWORTH IS SOMEONE WORKED FOR WALGREENS?  
01:59PM 6 A. YES.  
01:59PM 7 Q. AND SHE WAS KEEPING THE MINUTES AND NOTES OF THESE  
01:59PM 8 MEETINGS; RIGHT?  
01:59PM 9 A. YES, THAT'S CORRECT.  
01:59PM 10 Q. AND YOU KNEW HER TO DO SO ACCURATELY?  
01:59PM 11 A. YES.  
01:59PM 12 Q. AND THAT WAS THE GOAL FOR HER, RIGHT, TO MAKE SURE THE  
01:59PM 13 MEETING MINUTES AND NOTES ACCURATELY REFLECTED WHAT ACTUALLY  
01:59PM 14 HAPPENED AT THE MEETING; RIGHT?  
01:59PM 15 A. THAT'S CORRECT.  
01:59PM 16 Q. OKAY. IF YOU GO TO PAGE 9, THIS HAS VARIOUS OPERATIONS  
02:00PM 17 METRICS.  
02:00PM 18 DO YOU SEE THAT?  
02:00PM 19 A. YES, I DO.  
02:00PM 20 Q. AND FOR -- I THINK YOU SAID ON DIRECT FOR THE AVERAGE  
02:00PM 21 PATIENTS PER STORE PER DAY, THIS WAS ACTUALLY A VERY POSITIVE  
02:00PM 22 DEVELOPMENT, GOING FROM .8 IN FEBRUARY TO 3.1 IN MAY?  
02:00PM 23 A. YES, THAT'S CORRECT.  
02:00PM 24 Q. AND THE AVERAGE CHECK IN TIME WAS MOVING IN A GOOD  
02:00PM 25 DIRECTION?

02:00PM 1 A. IT WAS.

02:00PM 2 Q. AND THE AVERAGE CHECKIN TIME IS HOW LONG IT WOULD TAKE A  
02:00PM 3 PATIENT TO CHECK IN WITH THE PERSON WHO GREETED WITH THEM AT  
02:00PM 4 THE WALGREENS STORE; RIGHT?

02:00PM 5 A. CORRECT. JUST TO REEXPLAIN, WHEN A PATIENT WALKS INTO A  
02:00PM 6 WALGREENS STORE AND THEY HAVE AN ORDER FOR A LAB TEST, THEY  
02:00PM 7 HAVE TO GET CHECKED IN, JUST LIKE YOU GO TO A DOCTOR'S OFFICE  
02:00PM 8 AND YOU GET CHECKED IN AND THEY ASK YOU FOR YOUR INSURANCE AND  
02:00PM 9 THINGS OF THAT NATURE AND YOUR INFORMATION.

02:00PM 10 AND SO WE WERE MEASURING HOW LONG IT TOOK FOR A PATIENT TO  
02:01PM 11 COME IN AND BE REGISTERED, SIGNED IN, AND READY TO BE IN A  
02:01PM 12 POSITION TO BE -- TO HAVE THE BLOOD DRAWN.

02:01PM 13 Q. RIGHT. IF YOU GO TO PAGE 10, AND YOU TALKED ABOUT THIS  
02:01PM 14 PAGE ON DIRECT, AND THIS IS ABOUT VENOUS DRAWS IN PARTICULAR.

02:01PM 15 A. YES, SIR.

02:01PM 16 Q. AND THEN THERE'S A SECTION, WHY HIGHER NUMBER OF  
02:01PM 17 VENOUS DRAWS NUMBERS SO FAR?

02:01PM 18 A. YES, SIR.

02:01PM 19 Q. AND YOU UNDERSTAND THAT IF A PATIENT CAME IN WITH A  
02:01PM 20 PHYSICIAN'S ORDER TO GET THEIR BLOOD TESTED AT ONE OF THESE  
02:01PM 21 WALGREENS STORES AND THE PATIENT HAD, FOR EXAMPLE, TEN  
02:01PM 22 DIFFERENT TESTS HIS PHYSICIAN WANTED, AND THAT NINE OF THEM  
02:01PM 23 WERE AVAILABLE ON FINGERSTICK AND ONE OF THEM WAS NOT AVAILABLE  
02:01PM 24 ON FINGERSTICK, THAT WOULD MEAN THAT ALL OF THE TESTS WOULD  
02:01PM 25 THEN BE DONE ON VENOUS DRAW?



02:01PM 1 A. THAT'S CORRECT.

02:01PM 2 THE THERANOS TEAM AND THE WALGREENS TEAM, WE HAD DECIDED  
02:01PM 3 THAT IN ORDER TO MAKE SURE THE EXPERIENCE FOR THE PATIENT WAS  
02:01PM 4 BETTER, THAT RATHER THAN HAVING MULTIPLE PRICKS AND STICKS,  
02:02PM 5 SORT OF SAY, THAT WE COULD DO IT ONE WAY, THE WAY THAT WE COULD  
02:02PM 6 DO ALL OF THE TESTS.

02:02PM 7 SO YES, IN YOUR EXAMPLE, THAT PATIENT WOULD GET A  
02:02PM 8 VENOUS DRAW.

02:02PM 9 Q. SO IN OTHER WORDS, NO POINT IN DOING A FINGERSTICK IF  
02:02PM 10 YOU'RE GOING TO HAVE TO DO A VENOUS DRAW ANYWAY?

02:02PM 11 A. THAT'S RIGHT.

02:02PM 12 Q. AND IN MY EXAMPLE, ONLY ONE OF THE TEN TESTS, THAT WOULD  
02:02PM 13 BE A VENOUS DRAW; RIGHT?

02:02PM 14 A. IN THAT EXAMPLE, YES.

02:02PM 15 Q. SO YOU UNDERSTAND IN THE COURSE OF THE WORK THAT YOU WERE  
02:02PM 16 DOING WITH THERANOS, THERE WAS A LOGISTICAL CHALLENGE ON SORT  
02:02PM 17 OF OPTIMIZING WHICH TESTS WERE AVAILABLE TO MAKE SURE THAT YOU  
02:02PM 18 COULD TRY TO GET THE -- OR TRY AT LEAST TO GET THE FINGERSTICK  
02:02PM 19 PERCENTAGE TO BE HIGHER; RIGHT?

02:02PM 20 A. SAY THAT QUESTION AGAIN.

02:02PM 21 Q. SURE. YOU KNOW, IF -- WITHIN THERANOS, YOU UNDERSTOOD  
02:02PM 22 THAT THEY WOULD HAVE TO FIGURE OUT WHAT THE MOST COMMONLY  
02:02PM 23 ORDERED TESTS WERE AND TRY TO, IF POSSIBLE, MAKE THOSE  
02:02PM 24 AVAILABLE ON FINGERSTICK SO THAT THEY COULD AVOID HAVING TO DO  
02:02PM 25 VENOUS DRAWS AS MUCH AS THEY COULD; RIGHT?

02:02PM 1 MR. SCHENK: OBJECTION. SPECULATION.

02:03PM 2 THE COURT: SUSTAINED.

02:03PM 3 BY MR. COOPERSMITH:

02:03PM 4 Q. DO YOU KNOW THAT? DO YOU HAVE ANY PERSONAL KNOWLEDGE OF  
02:03PM 5 HOW THERANOS WENT ABOUT DETERMINING WHICH TESTS IT WOULD USE  
02:03PM 6 AND IT WOULD COLLECT WITH A FINGERSTICK COMPARED TO WHICH TESTS  
02:03PM 7 IT WOULD COLLECT ON A VENOUS DRAW?

02:03PM 8 A. WHAT I KNEW -- AND AGAIN, THIS WAS IN MY DISCUSSION WITH  
02:03PM 9 MR. BALWANI -- IS THEY WERE CONSTANTLY DETERMINING HOW BEST TO  
02:03PM 10 MANAGE THE PATTERNS THAT WERE COMING IN FOR THOSE TESTS, AND  
02:03PM 11 BASED ON THOSE PATTERNS, THEY HAVE TO COMPARE THOSE CARTRIDGES  
02:03PM 12 TO BE ABLE TO MEET THOSE PATTERNS.

02:03PM 13 AND AS THEY UNDERSTOOD MORE AND AS THEY WERE ABLE TO  
02:03PM 14 DETERMINE WHAT THOSE PATTERNS LOOKED LIKE, THE VENOUS DRAW WILL  
02:03PM 15 CONTINUE TO DECLINE.

02:03PM 16 Q. THAT WAS THE GOAL?

02:03PM 17 A. THAT WAS THE GOAL.

02:03PM 18 Q. RIGHT. BUT IT SOUNDS LIKE THEN YOU WERE AWARE, WITHIN  
02:03PM 19 THERANOS, THEY HAD SOME WORK TO DO TO FIGURE OUT ORDERING  
02:03PM 20 PATTERNS AND HOW TO OPTIMIZE THE AMOUNT OF FINGERSTICKS; RIGHT?

02:03PM 21 A. CORRECT. THE ISSUE THAT, AGAIN, I UNDERSTOOD BASED ON MY  
02:03PM 22 DISCUSSION WITH MR. BALWANI WAS THAT IT WAS THE ORDERING  
02:04PM 23 PATTERNS THAT THEY WERE TRYING TO DETERMINE.

02:04PM 24 CERTAINLY THE TECHNOLOGY WAS READY AND BEING USED, BUT IT  
02:04PM 25 IS THE ORDERING PATTERNS AND WHAT PHYSICIANS WERE ORDERING IN

02:04PM 1 THAT PARTICULAR MARKETPLACE THAT THEY WERE TRYING TO DETERMINE.

02:04PM 2 Q. OKAY. AND AT THE TIME I BELIEVE YOU SAID THAT THE AMOUNT

02:04PM 3 OF FINGERSTICK WAS ABOUT 60 PERCENT?

02:04PM 4 A. IT WAS ABOUT 60 PERCENT, CORRECT.

02:04PM 5 Q. OKAY. AND IN THIS PARTICULAR EXHIBIT, EXHIBIT 1711, IT'S

02:04PM 6 WITH 61 PERCENT, TO BE PRECISE, IN MAY; RIGHT?

02:04PM 7 A. IN MAY, YES, THAT'S CORRECT.

02:04PM 8 Q. OKAY. AND IF YOU COULD TURN TO PAGE 13.

02:04PM 9 I THINK YOU LOOKED AT THIS ON DIRECT EXAMINATION AS WELL.

02:04PM 10 AND THIS IS CALLED CREATIVE EXPRESSION. AND IT READS, "CONCEPT

02:04PM 11 OF WHAT OUT-OF-STORE MARKETING MAY LOOK LIKE STARTING IN

02:05PM 12 PHOENIX IN AUGUST AND SEPTEMBER (FINAL CREATIVE AND TACTICS TO

02:05PM 13 COME) ."

02:05PM 14 DO YOU SEE THAT?

02:05PM 15 A. YES.

02:05PM 16 Q. AND SO THIS WAS TALKING ABOUT WHAT COULD BE USED FOR

02:05PM 17 MARKETING IN PHOENIX; RIGHT?

02:05PM 18 A. THAT'S RIGHT.

02:05PM 19 Q. AND IT WASN'T WHAT WAS ACTUALLY ON THE GROUND IN MAY OF

02:05PM 20 2014?

02:05PM 21 A. I COULDN'T TELL YOU EXACTLY WHAT WAS ON THE GROUND, BUT

02:05PM 22 THIS IS AN EXAMPLE OF WHAT COULD BE OUR MARKETING TOOLS.

02:05PM 23 Q. AND YOU DON'T KNOW WHETHER THIS EXACT LAYOUT THAT YOU'RE

02:05PM 24 SEEING ON PAGE 13 WAS ACTUALLY IMPLEMENTED IN PHOENIX?

02:05PM 25 A. I DON'T REMEMBER.

02:05PM 1 Q. GOING TO PAGE 15. WELL, LET'S GO TO 14 ACTUALLY.

02:05PM 2 SO ON 14, IT'S CALLED INFORMATION TECHNOLOGY INTEGRATION?

02:05PM 3 A. YES, SIR.

02:05PM 4 Q. AND THIS HAS TO DO WITH COMPUTER SYSTEMS?

02:05PM 5 A. YES.

02:05PM 6 Q. AND AS PART OF THE WORK THAT YOU AND YOUR TEAM AT

02:05PM 7 WALGREENS WERE DOING WITH THERANOS, THERE WAS A NEED TO

02:06PM 8 INTEGRATE SYSTEMS TO SOME EXTENT?

02:06PM 9 A. THAT'S CORRECT.

02:06PM 10 Q. AND THIS WAS AN ONGOING PROJECT?

02:06PM 11 A. WHEN YOU SAY "ONGOING PROJECT," WHAT DO YOU MEAN BY THAT?

02:06PM 12 Q. DURING THE TIME THAT THE WALGREENS PROJECT WAS ACTIVE AND

02:06PM 13 YOU WERE WORKING ON IT, THIS ISSUE OF SYSTEMS INTEGRATION CAME

02:06PM 14 UP REPEATEDLY?

02:06PM 15 A. CORRECT, CORRECT.

02:06PM 16 Q. AND FROM YOUR OBSERVATION, DID IT APPEAR THAT THERANOS WAS

02:06PM 17 DILIGENTLY TRYING TO GET THEIR PART OF THAT DONE?

02:06PM 18 A. YES.

02:06PM 19 Q. AND FROM THE WALGREENS SIDE, DID THE WALGREENS I.T. TEAM

02:06PM 20 SEEM TO BE DILIGENTLY TRYING TO GET THAT DONE?

02:06PM 21 A. YES.

02:06PM 22 Q. AND IS IT FAIR TO SAY THAT THE WALGREENS I.T. TEAM WAS

02:06PM 23 SOMETIMES A LITTLE BIT SLOWER THAN YOU MIGHT HAVE PREFERRED?

02:06PM 24 A. I WOULDN'T SAY SLOWER. THE COMPLEXITIES OF WALGREENS'S

02:06PM 25 INFRASTRUCTURE WAS LARGE. WE WERE DEALING WITH MULTIPLE

02:06PM 1 SYSTEMS, MULTIPLE PLATFORMS, MULTIPLE BUSINESSES, AND SO  
02:06PM 2 INTEGRATING INTO A WALGREENS SYSTEM TOOK MORE TIME. IT WAS  
02:06PM 3 MORE COMPLEX.

02:06PM 4 SO I WOULDN'T DESCRIBE IT AS SLOW. I WOULD SAY IT TAKES  
02:07PM 5 TIME TO INCORPORATE INTO A LARGE FORTUNE 30 CORPORATION AND THE  
02:07PM 6 SYSTEMS THAT WE HAD.

02:07PM 7 AND SO AT TIMES THAT WAS A LIMITING FACTOR IN HOW FAST WE  
02:07PM 8 COULD MOVE.

02:07PM 9 Q. OKAY. GOING INTO PAGE 15. YOU SEE THIS DIAGNOSTIC  
02:07PM 10 TESTING TIMELINE?

02:07PM 11 A. YES.

02:07PM 12 Q. AND I WON'T TRY TO MAKE YOU READ THE LANGUAGE, IT'S A  
02:07PM 13 LITTLE BLURRY, BUT JUST TO SAY THERE'S A LOT OF FACTORS THAT GO  
02:07PM 14 INTO THIS PROJECT WITH THERANOS AND A LOT OF WORK HAS TO GET  
02:07PM 15 DONE TO OPEN UP 1 STORE, LET ALONE 10 STORES OR 100 STORES?

02:07PM 16 A. THAT'S ACCURATE.

02:07PM 17 Q. AND PAGE 15. YOU SEE PATIENT FEEDBACK?

02:07PM 18 A. YES.

02:07PM 19 Q. AND LET'S JUST LOOK AT SOME OF THAT.

02:07PM 20 THE FIRST ONE SAYS, "I USUALLY GO TO LAB EXPRESS TO HAVE  
02:07PM 21 MY LAB WORK DONE. WHEN I GO THERE IT COSTS ME \$110," I THINK  
02:08PM 22 IS WHAT IT SAYS. "WITH YOU IT COSTS ME \$17."

02:08PM 23 A. YES.

02:08PM 24 Q. THAT'S SORT OF THE FAVORABLE PRICING THAT WE WERE TALKING  
02:08PM 25 ABOUT BEFORE?

02:08PM 1 A. THAT'S RIGHT.

02:08PM 2 Q. AND ANOTHER CUSTOMER AT A DIFFERENT STORE, OR I GUESS IT'S

02:08PM 3 THE SAME STORE, 3464, "I HAVE BEEN PUTTING OFF MY LAB WORK FOR

02:08PM 4 A YEAR BECAUSE ANOTHER LAB QUOTED ME \$1,000 FOR THESE TESTS.

02:08PM 5 TODAY'S VISIT COST LESS THAN \$100 FOR ME."

02:08PM 6 RIGHT?

02:08PM 7 A. YES.

02:08PM 8 Q. AND IT'S FAIR TO SAY THAT SOME OF THE PATIENT FEEDBACK

02:08PM 9 RELATED TO PRICE?

02:08PM 10 A. YES, ABSOLUTELY.

02:08PM 11 Q. AND GENERALLY YOU WERE SEEING SOME POSITIVE FEEDBACK FROM

02:08PM 12 PATIENTS ON THE ISSUE OF PRICE?

02:08PM 13 A. YES. YEAH. COULD YOU RE-ASK THE QUESTION? I'M SORRY.

02:08PM 14 Q. OH, OF COURSE.

02:08PM 15 SO GENERALLY, IN 2014, LET'S MAKE IT MORE SPECIFIC, THERE

02:09PM 16 WERE PATIENTS WHO COMMENTED FAVORABLY ABOUT THE SERVICE IN

02:09PM 17 TERMS OF THE PRICE ASPECT OF IT?

02:09PM 18 A. YES, THERE WERE.

02:09PM 19 Q. AND OTHER ASPECTS OF THE SERVICE AS WELL WERE SUBJECT TO

02:09PM 20 FAVORABLE COMMENTS?

02:09PM 21 A. WE DID RECEIVE FAVORABLE COMMENTS, AND WE ALSO RECEIVED

02:09PM 22 FAVORABLE NUMBERS FROM THE ASSESSMENT THAT I TALKED ABOUT

02:09PM 23 EARLIER AFTER THE BLOOD DRAW WAS DONE.

02:09PM 24 SO, YES, THE CUSTOMERS AND THE PATIENTS DID REACT

02:09PM 25 POSITIVELY.

02:09PM 1 Q. AND SOME PEOPLE COMPLAINED FROM TIME TO TIME; RIGHT?

02:09PM 2 A. SURE, YES.

02:09PM 3 Q. AND THE COMPLAINTS WERE ABOUT THINGS LIKE THE BATHROOM  
02:09PM 4 WASN'T CLEAN ENOUGH, THINGS LIKE THAT; RIGHT?

02:09PM 5 A. THE BATHROOM WASN'T CLEAN ENOUGH, THE CHECK IN TIME WAS  
02:09PM 6 TOO LONG, OR MAYBE THEY WAITED TOO LONG IN THE WAITING AREA.

02:09PM 7 THOSE WERE THE PRIMARY ONES THAT I REMEMBER.

02:09PM 8 Q. AND YOU TOOK THOSE COMPLAINTS SERIOUSLY; RIGHT?

02:09PM 9 A. YES, WE DID.

02:09PM 10 Q. POSITIVE AND NEGATIVE?

02:09PM 11 A. YES, WE DID.

02:09PM 12 Q. AND ARE YOU AWARE THAT WHEN PATIENTS FILLED OUT THIS  
02:10PM 13 SURVEY, I THINK YOU SAID ON DIRECT IT HAD TO DO WITH A TABLET  
02:10PM 14 THAT WOULD BE PROVIDED TO THEM AT THE TIME THAT THEY WERE AT  
02:10PM 15 THE WALGREENS STORE?

02:10PM 16 A. CORRECT. SO THEY WERE -- EITHER THE PHARMACY TECHNICIAN  
02:10PM 17 OR THE PHLEBOTOMIST, DEPENDING ON WHAT THE DRAW WAS, WOULD HAND  
02:10PM 18 THE PATIENT A TABLET TO ANSWER A FEW QUESTIONS TO JUST GET  
02:10PM 19 THEIR INITIAL FEEDBACK RIGHT AFTER THE DRAW.

02:10PM 20 AND AGAIN, THE SCALE WAS 1 TO 5, 5 BEING A GREAT  
02:10PM 21 EXPERIENCE.

02:10PM 22 AND SO WE WOULD GET REPORTS ON WHAT THE PATIENTS WERE  
02:10PM 23 SAYING BASED ON THAT.

02:10PM 24 Q. AND YOU'RE AWARE THAT IF PATIENTS WANTED TO, THEY COULD  
02:10PM 25 GIVE THE FEEDBACK LATER AS WELL; RIGHT?

02:10PM 1 A. YES.

02:10PM 2 Q. SO THEY DIDN'T HAVE TO DO IT RIGHT IN THE STORE?

02:10PM 3 A. NO. BUT AS MOST MARKETING EXPERTS WILL TELL YOU, YOU WANT

02:10PM 4 TO ASSESS THE PATIENT AT THE TIME OF RECEIVING THE SERVICE,

02:10PM 5 THAT'S WHEN IT IS FRESH, IT IS NEW, THEY JUST EXPERIENCED IT,

02:10PM 6 AND YOU'LL GET THE MOST ACCURATE PERCEPTION OF WHAT THEY

02:11PM 7 EXPERIENCED.

02:11PM 8 SO THAT'S WHY WE DID IT AT THAT TIME.

02:11PM 9 Q. RIGHT. BUT IF PATIENTS WANTED TO, YOU'RE AWARE THAT THEY

02:11PM 10 COULD HAVE DONE IT LATER AS WELL; RIGHT?

02:11PM 11 A. YES, ABSOLUTELY.

02:11PM 12 Q. AND SOME PEOPLE DID THAT?

02:11PM 13 A. YES. I DON'T RECALL ANYBODY THAT DID THAT, BUT YES.

02:11PM 14 Q. OKAY. CAN WE GO TO EXHIBIT 20234.

02:11PM 15 A. I'M SORRY, SIR. WHAT WAS THE NUMBER?

02:11PM 16 Q. 20234.

02:11PM 17 MR. JHAVERI, DO YOU RECOGNIZE THIS AS AN EMAIL STRING

02:11PM 18 AMONG YOU, MR. BALWANI, AND CASEY KOZLOWSKI?

02:11PM 19 A. YES.

02:11PM 20 Q. AND WHO IS CASEY KOZLOWSKI?

02:11PM 21 A. CASEY KOZLOWSKI WAS A DIRECTOR ON MY TEAM THAT REPORTED TO

02:12PM 22 ME WHO WAS DIRECTLY RESPONSIBLE FOR THE PARTNERSHIP.

02:12PM 23 Q. OKAY. AND THIS STRING IS DATED MAY 24TH OF 2014?

02:12PM 24 A. YES.

02:12PM 25 MR. COOPERSMITH: YOUR HONOR, WE OFFER 20234.



02:12PM 1 MR. SCHENK: NO OBJECTION.

02:12PM 2 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

02:12PM 3 (DEFENDANT'S EXHIBIT 20234 WAS RECEIVED IN EVIDENCE.)

02:12PM 4 BY MR. COOPERSMITH:

02:12PM 5 Q. LET'S START WITH THE EMAIL AT THE BOTTOM OF PAGE 1, AND

02:12PM 6 YOU SEE THERE'S AN EMAIL AT 10:11 P.M. FROM MR. BALWANI, AND IT

02:12PM 7 SAYS "FYI. YOU HAVE PROBABLY ALREADY SEEN THIS."

02:12PM 8 DO YOU SEE THAT?

02:12PM 9 A. YES, I DO.

02:12PM 10 Q. AND IF YOU GO TO THE NEXT PAGE, AND THERE'S ANOTHER EMAIL

02:12PM 11 FROM RYAN KARPEL.

02:12PM 12 DO YOU SEE THAT?

02:12PM 13 A. I DO.

02:12PM 14 Q. AND DO YOU KNOW WHO RYAN KARPEL IS?

02:12PM 15 A. HE WAS ONE OF THE TEAM MEMBERS AT THERANOS.

02:12PM 16 Q. AND IF YOU GO TO PAGE 3, YOU SEE THAT HE HAS A SIGNATURE

02:12PM 17 BLOCK?

02:12PM 18 A. YES.

02:12PM 19 Q. AND DOES THAT HELP YOU?

02:12PM 20 A. YES.

02:12PM 21 Q. HE'S A PROGRAM MANAGER AT THERANOS; RIGHT?

02:13PM 22 A. SIMILAR TO PATTY HAWORTH AT WALGREENS.

02:13PM 23 Q. OKAY. SORT OF THE COUNTERPART?

02:13PM 24 A. CORRECT.

02:13PM 25 Q. OKAY. IF YOU GO TO PAGE 2, THAT EMAIL FROM MR. KARPEL

02:13PM 1 SAYS, "MAHESH AND TEAM.

02:13PM 2 "DURING THE PAST WEEK, WE WENT TO ALL OF THE WAVE 3

02:13PM 3 STORES. BELOW ARE ACTION ITEMS BASED ON OUR FINDINGS FROM THE

02:13PM 4 VISITS THAT WE WANTED TO BRING TO YOUR ATTENTION. I UNDERSTAND

02:13PM 5 THAT MOST OF THESE WILL LIKELY BE COMPLETE WELL IN ADVANCE OF

02:13PM 6 JUNE 5TH, HOWEVER, WE WANT TO MAKE SURE THAT THIS IS ON

02:13PM 7 EVERYONE'S RADAR."

02:13PM 8 DO YOU SEE THAT?

02:13PM 9 A. YES.

02:13PM 10 Q. AND THEN THE LIST BELOW THAT HAS STORE NUMBERS.

02:13PM 11 DO YOU SEE THAT?

02:13PM 12 A. I DO.

02:13PM 13 Q. AND SO THOSE WERE DIFFERENT STORES THAT THERANOS WAS

02:13PM 14 OPERATING IN THAT WALGREENS HAD?

02:13PM 15 A. YES, SIR.

02:13PM 16 Q. AND IF YOU GO THROUGH THE LIST THERE, IT'S BASICALLY

02:13PM 17 MAKING A BIT OF A PUNCH LIST FOR THINGS THAT MAYBE NEEDED TO BE

02:13PM 18 IMPROVED AT THOSE STORES?

02:13PM 19 A. THAT'S CORRECT.

02:13PM 20 Q. IF YOU GO TO THE FIRST PAGE, YOU WROTE, ON MAY 24TH, TO

02:14PM 21 MR. BALWANI WITH A COPY TO MR. KOZLOWSKI, "THIS IS GREAT INFO.

02:14PM 22 WE SHOULD DISCUSS NEXT WEEK ON HOW WE CAN MANAGE THESE BEFORE

02:14PM 23 LAUNCH EVEN NOT EFFECTIVELY."

02:14PM 24 AND IT SAYS, "CASEY -- LET'S THINK THRU A COMBINED

02:14PM 25 CHECKLIST THAT CAN BE USED BY OPERATIONS AS A PRELAUNCH

02:14PM 1 READINESS CHECKLIST."

02:14PM 2 DO YOU SEE THAT?

02:14PM 3 A. I DO.

02:14PM 4 Q. SO AT THE TIME, THIS WAS USEFUL INFORMATION TO YOU TO TRY  
02:14PM 5 TO IMPROVE THINGS; RIGHT?

02:14PM 6 A. YES.

02:14PM 7 Q. AND THEN IF YOU ABOVE THAT, MR. BALWANI WROTE, "IT WILL BE  
02:14PM 8 MOST USEFUL TO HAVE A LOCAL TEAM/INDIVIDUAL WHO CAN WORK WITH  
02:14PM 9 MY LOCAL TEAM SO WE HAVE A COMBINED PROJECT PLAN. CURRENTLY  
02:14PM 10 OUR MANAGEMENT TEAM GOES TO STORES ALMOST EVERY DAY AND  
02:14PM 11 COMPILES THESE TO DO LISTS AND ISSUES LIST BUT AS THE NUMBER  
02:14PM 12 INCREASES, WE WON'T BE ABLE TO DO THIS."

02:14PM 13 DO YOU SEE THAT?

02:14PM 14 A. YES.

02:14PM 15 Q. AND SO DO YOU UNDERSTAND THAT WHAT IS BEING COMMUNICATED  
02:14PM 16 THERE IS AS THE PROJECT EXPANDS AND THERE ARE MORE STORES, IT  
02:15PM 17 WILL BE HARDER TO SEND TEAMS TO DO THIS KIND OF PUNCH LIST FOR  
02:15PM 18 EVERY STORE?

02:15PM 19 A. YES, ABSOLUTELY. PART OF THE RESOLUTION FOR THIS -- AND  
02:15PM 20 MAYBE YOU'RE GETTING TO IT -- IS WE CREATED SOMETHING CALLED  
02:15PM 21 BAFT TEAMS, B-A-F-T, TO DO JUST THAT, IS TO GO INTO STORES AND  
02:15PM 22 MAKE SURE THAT THE EXPERIENCE WAS RIGHT, TO MAKE SURE THAT  
02:15PM 23 THERE WAS NO PUNCH LIST OUTSTANDING ITEMS.

02:15PM 24 AND SO THAT WAS PART OF THE OPERATIONAL PROCEDURES THAT WE  
02:15PM 25 PUT INTO PLACE TO ENSURE THAT WE WERE ADDRESSING ANY OF THE

02:15PM 1 ISSUES THAT WE HAD.

02:15PM 2 Q. OKAY. GOING ON WITH THIS SAME EXHIBIT, MR. BALWANI WROTE,

02:15PM 3 "MOREOVER, AT 20 STORES NOW AND 30 SOON, WE ARE PAST 'PILOT

02:15PM 4 PHASE.' IT MAY BE A PILOT FOR WAG IN GENERAL (GIVEN 8,000 PLUS

02:15PM 5 STORES), BUT FROM ARIZONA MARKET PERSPECTIVE, ANYTHING IN 20

02:15PM 6 TO 40 STORES IS A REAL DEAL, SO HAVING A LOCAL TEAM IN FIELD

02:16PM 7 FOCUSED ON MAKING THERANOS SUCCESSFUL IS CRITICAL IN OUR

02:16PM 8 OPINION."

02:16PM 9 DO YOU SEE THAT?

02:16PM 10 A. YES.

02:16PM 11 Q. AND THEN YOU RESPONDED TO MR. BALWANI AT THE TOP?

02:16PM 12 A. YES.

02:16PM 13 Q. AND YOU WROTE, "AGREED SUNNY. WE NEED TO REFRAME OUR

02:16PM 14 THINKING NOW TOWARDS A SCALE PERSPECTIVE -- NOT SIMPLY A

02:16PM 15 PILOT."

02:16PM 16 RIGHT?

02:16PM 17 A. CORRECT.

02:16PM 18 Q. AND THAT'S WHAT YOU BELIEVED AT THE TIME?

02:16PM 19 A. THAT'S RIGHT.

02:16PM 20 THE COURT: LET'S TAKE A BREAK NOW. LET'S TAKE

02:16PM 21 ABOUT 20 MINUTES, PLEASE. LET'S TAKE ABOUT 20 MINUTES.

02:16PM 22 MR. COOPERSMITH: YES, YOUR HONOR.

02:16PM 23 THE COURT: ALL RIGHT. THANK YOU.

02:16PM 24 (RECESS FROM 2:16 P.M. UNTIL 2:38 P.M.)

02:38PM 25 THE COURT: PLEASE BE SEATED. WE'RE BACK ON THE

02:38PM 1 RECORD.

02:38PM 2 ALL PARTIES PREVIOUSLY PRESENT ARE PRESENT ONCE AGAIN.

02:38PM 3 MR. COOPERSMITH, WOULD YOU LIKE TO CONTINUE.

02:38PM 4 MR. COOPERSMITH: THANK YOU, YOUR HONOR.

02:38PM 5 Q. MR. JHAVERI, I'D LIKE TO RETURN TO ONE EXHIBIT WE LOOKED

02:38PM 6 AT EARLIER AND I HAD A QUESTION FOR YOU. IF YOU COULD GO TO

02:38PM 7 EXHIBIT 1113.

02:39PM 8 IT'S THAT SENTENCE THAT WE WERE LOOKING AT EARLIER?

02:39PM 9 THE COURT: GIVE US JUST A SECOND, MR. COOPERSMITH.

02:39PM 10 MR. COOPERSMITH: YES, YOUR HONOR.

02:39PM 11 THE COURT: I KNOW THIS WON'T SURPRISE ANYONE,

02:39PM 12 THERE'S AN ELECTRICAL PROBLEM WITH THE MICROPHONES.

02:39PM 13 THE CLERK: WE'RE JUST GOING TO RESET. OKAY.

02:39PM 14 THE COURT: IT LOOKS LIKE WE'RE GOOD.

02:39PM 15 MR. COOPERSMITH: GREAT.

02:39PM 16 THE COURT: THANK YOU.

02:39PM 17 BY MR. COOPERSMITH:

02:39PM 18 Q. OKAY. MR. JHAVERI, I'M LOOKING AT THE -- I DON'T SEE

02:39PM 19 ANYTHING ON THE SCREEN. THERE WE GO. EVERYONE CAN SEE THEIR

02:39PM 20 SCREENS HOPEFULLY.

02:39PM 21 THE SENTENCE WE WERE LOOKING AT EARLIER, "THE SAMPLES ARE

02:39PM 22 EITHER TAKEN FROM A TINY FINGERSTICK OR A MICRO-SAMPLE TAKEN

02:39PM 23 FROM TRADITIONAL METHODS."

02:39PM 24 DO YOU SEE THAT?

02:39PM 25 A. YES, SIR.

02:39PM 1 Q. AND THIS WAS ONE OF THE TWO PRESS RELEASES THAT WE LOOKED  
02:39PM 2 AT WHEN THE LAUNCH HAPPENED; RIGHT?

02:39PM 3 A. THAT'S CORRECT.

02:39PM 4 Q. OKAY. AND I JUST WANTED TO MAKE SURE THAT WE UNDERSTAND  
02:40PM 5 THIS CONCEPT OF MICRO SAMPLE.

02:40PM 6 SO THERE ARE REALLY THREE TYPES BLOOD DRAWS; IS THAT  
02:40PM 7 CORRECT? ONE IS A FINGERSTICK DRAW; THERE'S A TRADITIONAL  
02:40PM 8 VENOUS DRAW; AND THEN THERE'S A MICRO SAMPLE DRAW FROM THE ARM  
02:40PM 9 AS WELL; CORRECT?

02:40PM 10 A. ARE YOU REFERRING TO THE PEDIATRIC DOSE?

02:40PM 11 Q. YES. IS THAT SOMETIMES REFERRED TO AS A BUTTERFLY NEEDLE?

02:40PM 12 A. YES, IT IS.

02:40PM 13 Q. AND THAT'S THE MICRO SAMPLE TAKEN BY TRADITIONAL METHODS?

02:40PM 14 A. YES.

02:40PM 15 Q. AND THAT'S CONSIDERED A VENOUS DRAW AS WELL; RIGHT?

02:40PM 16 A. IT IS. SO JUST TO BE SURE, I WAS CATEGORIZING IT AS TWO  
02:40PM 17 DRAWS, FINGERSTICK, VENOUS DRAW, AND WITHIN THE VENOUS DRAW,  
02:40PM 18 THERE'S A PEDIATRIC AND A TRADITIONAL VENOUS DRAW AS WELL.

02:40PM 19 Q. ALL RIGHT. SO THE MICRO SAMPLE TAKEN FROM TRADITIONAL  
02:40PM 20 METHODS, THAT WOULD BE THIS BUTTERFLY NEEDLE OR PEDIATRIC DOSE  
02:41PM 21 METHOD; RIGHT?

02:41PM 22 A. THAT'S RIGHT.

02:41PM 23 Q. AND THAT WOULD ALSO BE FROM THE ARM SO IT'S CONSIDERED A  
02:41PM 24 VENOUS DRAW?

02:41PM 25 A. THAT WOULD BE CONSIDERED A VENOUS DRAW.

02:41PM 1 Q. OKAY. THANK YOU.

02:41PM 2 LET'S GO TO EXHIBIT 1755, WHICH I BELIEVE IS ALREADY IN

02:41PM 3 EVIDENCE.

02:41PM 4 THESE WERE THE PARTNERSHIP MEETING MINUTES FROM THE

02:41PM 5 MAY 2014 MEETING; RIGHT?

02:41PM 6 A. YES.

02:41PM 7 Q. AND, AGAIN, MS. HAWORTH SENT THE MINUTES?

02:41PM 8 A. YES.

02:41PM 9 Q. AND ON THE FIRST LIST IS THE ACTION ITEMS.

02:41PM 10 DO YOU SEE THAT?

02:41PM 11 A. YES.

02:41PM 12 Q. AND ONE OF THEM, I THINK IT'S NUMBER 5, IS "SCHEDULE

02:42PM 13 MEETING WITH MATT, NICOLE, NIMESH, SUZANNE, HEIDI TO DISCUSS

02:42PM 14 HCC/THERANOS ISSUES."

02:42PM 15 DO YOU SEE THAT?

02:42PM 16 A. YES.

02:42PM 17 Q. AND WHO IS SUZANNE?

02:42PM 18 A. SUZANNE HANSEN IS ONE OF THE LEADERS THAT HAD THE

02:42PM 19 OPERATIONS FOR THE HEALTH CARE CLINICS.

02:42PM 20 Q. AND THAT'S WHAT HCC IS, RIGHT, THE HEALTH CARE CLINICS?

02:42PM 21 A. RIGHT.

02:42PM 22 Q. IF YOU GO TO PAGE 6 OF THE EXHIBIT, DO YOU SEE AT THE TOP

02:42PM 23 THERE'S A BOX WITH THE ATTENDEES?

02:42PM 24 A. YES.

02:42PM 25 Q. AND ARE THOSE PEOPLE, THE PEOPLE WHO WERE WORKING ON THIS

02:42PM 1 PROJECT?

02:42PM 2 A. YES, IT'S A MIXTURE. SO THERE ARE FOLKS THAT ARE DIRECTLY

02:42PM 3 RELATED TO THE PROJECT, AS WELL AS THERE ARE FOLKS HERE THAT

02:42PM 4 WERE IN CHARGE OF STORE OPERATIONS. SO MATT SESTO,

02:43PM 5 NICOLE LEIDER ARE FOLKS THAT WERE ACTUALLY RUNNING THE STORES

02:43PM 6 OVERALL, AND SINCE WE WERE IMPACTING THEIR STORES, WE INCLUDED

02:43PM 7 THEM TO MAKE SURE THERE WAS TRANSPARENCY.

02:43PM 8 Q. OKAY. THANK YOU.

02:43PM 9 LET'S GO TO THE MEETING NOTES SECTION, AND IT SAYS,

02:43PM 10 "NIMESH REMINDED US HOW FAR WE HAVE COME SINCE JANUARY. WE ARE

02:43PM 11 AT 21 STORES NOW?"

02:43PM 12 DO YOU SEE THAT?

02:43PM 13 A. YES.

02:43PM 14 Q. AND THAT'S WHAT YOU THOUGHT AT THE TIME, THAT YOU HAD COME

02:43PM 15 PRETTY FAR SINCE JANUARY; RIGHT?

02:43PM 16 A. CORRECT. WE WENT FROM 3 TO 21.

02:43PM 17 Q. RIGHT. AND THEN, AS MR. SCHENK POINTED OUT WITH YOU, A

02:43PM 18 PILOT SHOULD NOT BE PERFECT; RIGHT?

02:43PM 19 A. YES.

02:43PM 20 Q. IT'S PART OF A LEARNING EXPERIENCE TO UNDERSTAND HOW

02:43PM 21 THINGS WORK SO YOU CAN MOVE FORWARD; RIGHT?

02:43PM 22 A. THAT'S RIGHT.

02:43PM 23 Q. BUT IT SAYS, "THE LEARNINGS THAT ARE COMING OUT OF THE

02:43PM 24 FIRST 21 STORES ARE PRETTY GOOD."

02:43PM 25 THAT'S WHAT YOU THOUGHT AT THE TIME?



02:43PM 1 A. THAT'S CORRECT.

02:43PM 2 Q. AND THEN IT SAYS ON THE LAST PARAGRAPH, "GREG WASSON IS

02:44PM 3 SUPPORTIVE OF OUR MISSION."

02:44PM 4 A. THAT'S CORRECT.

02:44PM 5 Q. AND THAT'S THE CHIEF EXECUTIVE OFFICER OF WALGREENS?

02:44PM 6 A. YES.

02:44PM 7 Q. AND THEN IT SAYS, "TEAMS NEED TO BECOME TIGHTER. IF WE

02:44PM 8 THINK 20 STORES ARE TOUGH, WAIT UNTIL WE GET TO 2500 STORES";

02:44PM 9 RIGHT?

02:44PM 10 AM I RIGHT THAT'S AN ACKNOWLEDGEMENT THAT AS THE

02:44PM 11 PARTNERSHIP EXPANDED AND MORE STORES ARE ROLLED OUT, THAT THE

02:44PM 12 CHALLENGES WOULD ONLY BECOME HARDER, NOT EASIER?

02:44PM 13 A. THAT'S RIGHT.

02:44PM 14 Q. AND THEN IF YOU GO TO THE NEXT PAGE, IT SAYS, "PER NIMESH,

02:44PM 15 40 IS IN THE BAG."

02:44PM 16 THAT'S REFERRING TO THE 40 STORES?

02:44PM 17 A. THAT'S CORRECT.

02:44PM 18 Q. "WE NEED TO THINK ABOUT SCALE."

02:44PM 19 DO YOU SEE THAT?

02:44PM 20 A. THAT'S RIGHT.

02:44PM 21 Q. AND WHAT YOU WERE TRYING TO COMMUNICATE THERE IS YOU HAVE

02:44PM 22 40 STORES THAT ARE OPENED AND ACCEPTING THERANOS BLOOD SAMPLES,

02:45PM 23 BUT NOW YOU NEED TO THINK ABOUT HOW TO SCALE THAT? THAT'S YOUR

02:45PM 24 COMMENT?

02:45PM 25 A. YEAH. MY COMMENT IS, AGAIN, I THINK I MENTIONED THIS

02:45PM 1 EARLIER, WE ALWAYS HAVE TO BE PLANNING FORWARD, SO WHATEVER THE  
02:45PM 2 NUMBER IS, 10 MORE STORES, 100 MORE STORES, 1,000 MORE STORES,  
02:45PM 3 THERE'S NO WAY THAT MR. BALWANI AND I AND OUR TEAMS COULD WAKE  
02:45PM 4 UP TOMORROW MORNING AND DROP DOWN 2500 STORES. WE ALWAYS HAVE  
02:45PM 5 TO BE PLANNING FORWARD.

02:45PM 6 SO WHAT I'M REFERRING TO HERE IS THAT 40 STORES ARE OPEN,  
02:45PM 7 OR WILL BE OPEN. AS WE'RE LEARNING, LET'S START TO THINK ABOUT  
02:45PM 8 WHAT THE PLANNING PROCESS LOOKS LIKE FOR MORE STORES, WHATEVER  
02:45PM 9 THAT NUMBER OF STORES IS.

02:45PM 10 SO WHEN I SAY "WE NEED TO THINK ABOUT SCALE," THAT'S WHAT  
02:45PM 11 I'M REFERRING TO.

02:45PM 12 Q. OKAY. AND THE TERM "SCALE," THAT REFERS TO LIKE A FURTHER  
02:45PM 13 EXPANSION; RIGHT?

02:45PM 14 A. RIGHT. THE TERM "SCALE" IS FURTHER IN MORE STORES.

02:45PM 15 Q. SCALE MEANS LIKE IF I CAN MAKE ONE WIDGET, OR WHATEVER THE  
02:46PM 16 OBJECT IS, LIKE SCALE WOULD BE MAKING 1,000 OF THOSE ONCE I  
02:46PM 17 MASTER HOW TO MAKE 1; RIGHT?

02:46PM 18 A. THE DEFINITION IS NOT PERFECT, RIGHT? THE SCALE COULD BE  
02:46PM 19 FROM 1 TO 5, IT COULD BE 1 TO 10. BUT THE IDEA OF SCALE IS TO  
02:46PM 20 GO BEYOND WHAT WE ARE TODAY.

02:46PM 21 Q. OKAY. BUT IN THE CASE OF THE WALGREENS-THERANOS  
02:46PM 22 PARTNERSHIP, THE IDEA OF SCALE WAS TO WORK, AS YOU SAY, CRAWL,  
02:46PM 23 WALK, RUN, BUT THE HOPE WAS TO GET TO A SCALE THAT WAS, YOU  
02:46PM 24 KNOW, LARGE, LIKE THOUSANDS OF STORES; RIGHT?

02:46PM 25 A. THE GOAL WAS TO GET TO 2500 STORES OR A NATIONWIDE

02:46PM 1 ROLLOUT. THAT WAS THE HOPE.

02:46PM 2 AND SO WHEN I'M THINKING ABOUT SCALE -- AND, AGAIN, IT'S A  
02:46PM 3 BROAD STATEMENT -- BUT I WANT TO BE VERY CLEAR, SCALE COULD BE  
02:46PM 4 IN A STATE. SCALE COULD BE IN A CITY. SCALE COULD BE  
02:46PM 5 NATIONWIDE.

02:46PM 6 SO AS WE ARE THINKING ABOUT -- AT THE TIME WHEN WE WERE  
02:46PM 7 THINKING ABOUT WHAT THE NEXT STEPS LOOKED LIKE, THE STATEMENT  
02:46PM 8 REFERS TO LET'S DETERMINE WHAT SCALE LOOKS LIKE NOW. YOU KNOW,  
02:47PM 9 IS IT EXPANSION FURTHER INTO ARIZONA? IS IT FURTHER EXPANSION  
02:47PM 10 INTO OTHER STATES? IS IT EXPANDING INTO OTHER PARTS OF THE  
02:47PM 11 COUNTRY?

02:47PM 12 WHATEVER THE CASE IS, THAT IS WHAT I'M SPEAKING ABOUT,  
02:47PM 13 THAT WE NEED TO START TO THINK ABOUT WHAT SCALE LOOKS LIKE AND  
02:47PM 14 WHAT IS GOING TO BE REQUIRED TO ACTUALLY DO IT.

02:47PM 15 Q. AND THE IDEA WAS TO WORK WITH THERANOS TO TRY TO TOGETHER  
02:47PM 16 FIGURE OUT WHAT MADE SENSE; RIGHT?

02:47PM 17 A. YES. THE CAPABILITIES OF BOTH ORGANIZATIONS HAVE TO BE  
02:47PM 18 READY, WHETHER IT'S ON THE THERANOS SIDE OR ON THE WALGREENS  
02:47PM 19 SIDE.

02:47PM 20 AGAIN, YOU KNOW, IT'S HARD TO CLAP WITH ONE HAND. YOU  
02:47PM 21 HAVE TO CLAP WITH TWO HANDS.

02:47PM 22 Q. RIGHT.

02:47PM 23 A. SO WHAT WE WERE TRYING TO DO WAS TO START TO HELP BOTH  
02:47PM 24 TEAMS TO UNDERSTAND THAT WE HAVE TO START TO PLAN.

02:47PM 25 AGAIN, WE'RE GOING TO MONITOR THE PILOT, WE'RE GOING TO

02:47PM 1 MONITOR THE RESULTS, WE'RE GOING TO MONITOR THE METRICS THAT WE  
02:47PM 2 HAD DEFINED TOGETHER.

02:47PM 3 AS WE SEE SUCCESS, WE WILL THEN DETERMINE WHERE THE NEXT  
02:47PM 4 LAUNCHES LOOK LIKE, OR WHAT THE NEXT LAUNCHES WILL BE.

02:48PM 5 Q. OKAY. GOING DOWN THE PAGE, YOU SEE THERE'S A, I GUESS --  
02:48PM 6 I'LL CALL IT A PARAGRAPH, BUT IT'S REALLY A SENTENCE. IT SAYS,  
02:48PM 7 "PER NIMESH, THE TIMING IS RIGHT BECAUSE THIS IS WHEN WE ARE  
02:48PM 8 SELECTING THE WELL EXPERIENCE STORES FOR '15, '16, AND '17";  
02:48PM 9 RIGHT?

02:48PM 10 A. YES.

02:48PM 11 Q. AND THE CONCEPT THERE WAS TO, AS MUCH AS POSSIBLE, WORK ON  
02:48PM 12 THE THERANOS PROJECT IN PARALLEL WITH THE WELL EXPERIENCE  
02:48PM 13 STORES?

02:48PM 14 A. YEAH. JUST TO REITERATE WHAT I THINK I WAS EXPLAINING  
02:48PM 15 BEFORE, THE WELL EXPERIENCE STORES AND THAT ENTIRE PROJECT WAS  
02:48PM 16 THE REDESIGNING OF THE WALGREENS STORES, TO MAKE IT MORE  
02:48PM 17 CUSTOMER FRIENDLY, TO MAKE IT MORE PATIENT FRIENDLY.

02:48PM 18 AND THE IDEA WAS THAT WE WERE GOING TO DO CONSTRUCTION,  
02:48PM 19 AND TO MINIMIZE DISRUPTION TO CUSTOMERS, TO OUR STORES, TO THE  
02:48PM 20 TEAM MEMBERS, IF WE CAN COMBINE CONSTRUCTION EFFORTS TOGETHER,  
02:48PM 21 EVERYONE WINS.

02:48PM 22 AND THAT WAS THE IDEA HERE, THAT WE WERE SELECTING STORES  
02:48PM 23 FOR THE WELL EXPERIENCE PROJECT.

02:48PM 24 IF THERE ARE STORES THAT WILL ALSO HAVE THE THERANOS  
02:49PM 25 SERVICE, THEN LET'S START TO LOOK AT WHAT THAT LOOKS LIKE SO WE

02:49PM 1 CAN PLAN FORWARD.

02:49PM 2 Q. RIGHT. GOING TO THE NEXT PAGE OF THIS EXHIBIT, IT'S  
02:49PM 3 PAGE 8.

02:49PM 4 DO YOU SEE AT THE VERY TOP IT SAYS, "PER NIMESH, WE SHOULD  
02:49PM 5 HAVE A VIEW ON WHAT DOES THERANOS AND HEALTH CARE CLINIC LOOK  
02:49PM 6 LIKE AS A BUNDLED SUITE OF SERVICES TOGETHER."

02:49PM 7 DO YOU SEE THAT?

02:49PM 8 A. YES, I DO.

02:49PM 9 Q. AND THAT'S WHY YOU HAD INVITED PEOPLE TO PARTICIPATE WHO  
02:49PM 10 WERE FROM THE HEALTH CARE CLINIC SIDE OF WALGREENS OPERATIONS;  
02:49PM 11 RIGHT?

02:49PM 12 A. CORRECT.

02:49PM 13 Q. TO TALK ABOUT HOW THERANOS AND THE HEALTH CARE CLINIC SIDE  
02:49PM 14 OF WALGREENS BUSINESS COULD WORK TOGETHER?

02:49PM 15 A. RIGHT. AGAIN, JUST TO MAKE SURE EVERYONE UNDERSTANDS, THE  
02:49PM 16 HEALTH CARE CLINICS WERE THESE CLINICS THAT WERE RUN BY NURSE  
02:49PM 17 PRACTITIONERS AND PROVIDED ACUTE CARE SERVICES, PRIMARY CARE  
02:49PM 18 SERVICES INSIDE OF A STORE.

02:49PM 19 THERE WERE ABOUT 400 ACROSS THE NATION FOR WALGREENS, AND  
02:50PM 20 IF THERE WERE NEW HEALTH CARE CLINICS THAT NEEDED TO BE BUILT,  
02:50PM 21 OR IF THERE WERE SERVICES THAT NEEDED TO BE COMBINED, WE NEEDED  
02:50PM 22 TO UNDERSTAND THAT, NOT ONLY FROM A CONSTRUCTION STANDPOINT,  
02:50PM 23 BUT FROM A WORK FLOW STANDPOINT.

02:50PM 24 SO, AGAIN, WE CAN'T SNAP OUR FINGERS AND JUST DO THIS.  
02:50PM 25 IT'S COMPLEX. WE NEED TO PLAN FOR IT.

02:50PM 1 AND THAT'S WHY, WHEN I'M REFERRING TO ALL OF THESE THINGS  
02:50PM 2 IS HOW DO WE START TO PLAN A GO FORWARD DIRECTION?

02:50PM 3 Q. RIGHT. AND THE NURSE PRACTITIONERS WHO STAFF THE ABOUT  
02:50PM 4 400 HEALTH CARE CLINICS, THEY WERE PEOPLE THAT SOMEONE COULD GO  
02:50PM 5 TO A WALGREENS STORE TO SEE TO GET SOMETHING TREATED; RIGHT?

02:50PM 6 A. THAT'S RIGHT.

02:50PM 7 Q. SO, FOR EXAMPLE, IF I SPRAINED MY ANKLE ON THE BASKETBALL  
02:50PM 8 COURT, I COULD GO TO A WALGREENS HEALTH CARE CLINIC AND THEY  
02:50PM 9 MIGHT TAPE UP MY ANKLE?

02:50PM 10 A. RIGHT. IT'S A LIMITED SCOPE OF SERVICE. WHATEVER THE  
02:50PM 11 SCOPE OF PRACTICE IS FOR A NURSE PRACTITIONER, THEY WOULD  
02:50PM 12 PERFORM THOSE DUTIES.

02:50PM 13 Q. AND IT COULD BE MORE COMPLICATED THAN A SPRAINED ANKLE,  
02:51PM 14 RIGHT? IT IS WHATEVER A NURSE PRACTITIONER COULD DO WITH HIS  
02:51PM 15 OR HER LICENSURE; RIGHT?

02:51PM 16 A. THAT'S RIGHT. WHATEVER THEIR SCOPE OR PRACTICE ALLOWS  
02:51PM 17 THEM TO DO IS WHAT WE OFFERED.

02:51PM 18 NOW, EVEN IN THAT INSTANCE, THERE ARE CERTAIN THINGS THAT  
02:51PM 19 ARE WITHIN THE SCOPE OF PRACTICE, BUT WE STILL DID NOT PERFORM  
02:51PM 20 THEM IN A RETAIL CLINIC BECAUSE THEY MAY NOT HAVE THE TOOLS OR  
02:51PM 21 THEY MAY NOT BE ABLE TO DO THAT IN THAT PARTICULAR LOCATION.

02:51PM 22 SO ALL OF THE SERVICES THAT WE PROVIDED IN THOSE CLINICS  
02:51PM 23 ARE WITHIN THE SCOPE OF PRACTICE OF A NURSE PRACTITIONER, BUT,  
02:51PM 24 AGAIN, NOT THEIR FULL SCOPE. IT'S WHATEVER THEY CAN PERFORM AT  
02:51PM 25 THE STORE.

02:51PM 1 Q. OKAY. AND ONE OF THE THINGS THAT A NURSE PRACTITIONER  
02:51PM 2 COULD DO IS TAKE A VENOUS DRAW FROM AN ARM IF HE OR SHE HAD TO?

02:51PM 3 A. YES.

02:51PM 4 Q. OKAY. BECAUSE THEY'RE TRAINED TO DO THAT, JUST LIKE A  
02:51PM 5 PHLEBOTOMIST; RIGHT?

02:51PM 6 A. THEY ARE TRAINED TO DO THAT.

02:51PM 7 AGAIN, NURSE PRACTITIONERS HAVE AN UNDERGRADUATE DEGREE OF  
02:51PM 8 BEING A REGISTERED NURSE, AND THEN THEY GO ON TO BECOME A NURSE  
02:51PM 9 PRACTITIONER. A REGISTERED NURSE, OF COURSE WITHIN THEIR SCOPE  
02:52PM 10 OF PRACTICE, CAN DO A BLOOD DRAW.

02:52PM 11 BUT AS THEY BECOME A NURSE PRACTITIONER, THE AMOUNT OF  
02:52PM 12 BLOOD DRAWS THAT THEY DO MINIMIZE AND IT'S NOT SOMETHING THAT  
02:52PM 13 THEY USUALLY DO WITHIN THAT SCOPE.

02:52PM 14 OBVIOUSLY THEY'RE LOOKING AT DIAGNOSING CONDITIONS AND  
02:52PM 15 TREATING CONDITIONS RATHER THAN DOING BLOOD DRAWS.

02:52PM 16 Q. RIGHT. BUT THESE ARE NURSE PRACTITIONERS WHO WORKED FOR  
02:52PM 17 WALGREENS; RIGHT?

02:52PM 18 A. THEY WORKED FOR A PROFESSIONAL ORGANIZATION. THEY DIDN'T  
02:52PM 19 WORK DIRECTLY FOR WALGREENS.

02:52PM 20 Q. OKAY. BUT THEY WERE UNDER THE CONTROL OF WALGREENS IN  
02:52PM 21 TERMS OF THE SERVICES THAT THEY WERE PROVIDING FOR WALGREENS;  
02:52PM 22 RIGHT?

02:52PM 23 A. WE DID NOT DICTATE THEIR SCOPE OF PRACTICE. THAT'S NOT  
02:52PM 24 WHAT WALGREENS DOES FOR ANY OF OUR HEALTH CARE PROFESSIONALS.

02:52PM 25 Q. OKAY. SO THEY WERE HIRED BY A PROFESSIONAL ORGANIZATION

02:52PM 1 THAT WALGREENS THEN CONTRACTED WITH?

02:52PM 2 A. CORRECT.

02:52PM 3 Q. BUT IF WALGREENS WANTED THAT CONTRACTOR TO PROVIDE THAT  
02:52PM 4 THE NURSE PRACTITIONER WOULD CONDUCT VENOUS DRAWS, WALGREENS  
02:52PM 5 COULD DO THAT WITH THE PROFESSIONAL ORGANIZATION; RIGHT?

02:52PM 6 A. WITH THE APPROPRIATE LEADERSHIP AGREEMENT, YES.

02:52PM 7 Q. RIGHT. OKAY. AND THEN IF YOU GO ON IN THE EXHIBIT, IT  
02:53PM 8 SAYS THAT "SUNNY BALWANI IS LOOKING FOR A LIMITED LIABILITY FOR  
02:53PM 9 DATA."

02:53PM 10 AND BELOW THAT THERE ARE SOME BULLETS, AND IT SAYS, "STORE  
02:53PM 11 SELECTION CRITERIA TO BE PROVIDED BY THERANOS."

02:53PM 12 SO THAT HAS TO DO WITH WHICH WALGREENS STORES WOULD BE  
02:53PM 13 SELECTED FOR NEW THERANOS LOCATIONS; RIGHT?

02:53PM 14 A. WELL, THIS IS NOT SELECTING THE STORES, IT'S THE SELECTION  
02:53PM 15 CRITERIA.

02:53PM 16 SO WHAT ARE THE THINGS THAT THERANOS IS LOOKING FOR THAT  
02:53PM 17 WOULD CONSTITUTE A STORE THAT WE WOULD SELECT FOR THE SITE?

02:53PM 18 SO IT'S NOT A QUESTION OF HERE'S 8,000 STORES, TELL ME  
02:53PM 19 WHICH STORES YOU WANT TO BE IN.

02:53PM 20 WHAT WE WERE ASKING FOR FROM THE THERANOS TEAM IS, WHAT  
02:53PM 21 ARE THE CRITERIA THAT YOU'RE LOOKING FOR? IS IT THE NUMBER OF  
02:53PM 22 PHYSICIANS AROUND THE AREA? IS IT A STORE THAT IS 24 HOURS?  
02:53PM 23 IS IT A STORE THAT IS HIGH VOLUME? LOW VOLUME? IN A RURAL  
02:53PM 24 AREA? URBAN AREA?

02:54PM 25 WHAT WE WERE LOOKING FOR IS CRITERIA, AND THAT CRITERIA



02:54PM 1 WOULD THEN BE USED TO COME BACK AND SAY HERE ARE THE STORES  
02:54PM 2 THAT MEET THAT CRITERIA, AND THERANOS AND WALGREENS WOULD THEN  
02:54PM 3 AGREE UPON THOSE STORES.

02:54PM 4 Q. OKAY. AND YOU MENTIONED THE ISSUE OF HIGH VOLUME STORES.  
02:54PM 5 SO DIFFERENT WALGREENS STORES HAD DIFFERENT SORT OF CUSTOMER  
02:54PM 6 VOLUME; IS THAT FAIR?

02:54PM 7 A. YES, THAT'S FAIR.

02:54PM 8 Q. AND THERE WERE SOME STORES MAYBE IN MORE POPULATED AREAS  
02:54PM 9 THAT HAD MORE PATIENTS COMING TO THE STORES?

02:54PM 10 A. YEAH.

02:54PM 11 Q. OR CUSTOMERS I SHOULD SAY?

02:54PM 12 A. YEAH, I WOULDN'T MAKE A CORRELATION BETWEEN POPULATION AND  
02:54PM 13 VOLUME, BUT I WOULD SAY SIMPLY THAT EACH STORE HAD A DIFFERENT  
02:54PM 14 PROFILE AND COULD BE HIGH VOLUME, LOW VOLUME, MEDIUM VOLUME.

02:54PM 15 Q. OKAY. AND THE HEALTH CARE CLINICS, YOU KNOW, THE  
02:54PM 16 APPROXIMATELY 400 OF THOSE, THAT -- SOME OF THOSE WERE IN HIGH  
02:54PM 17 TRAFFIC, HIGH VOLUME AREAS; RIGHT?

02:54PM 18 A. YEAH. AGAIN, IT COULD BE. THE CRITERIA FOR WHERE WE PUT  
02:54PM 19 A CLINIC IS NOT ALWAYS VOLUME OR HOURS OF OPERATION. IT COULD  
02:54PM 20 BE BECAUSE THERE'S A LACK OF HEALTH CARE SERVICES IN THAT  
02:55PM 21 PARTICULAR COMMUNITY, AND IN THOSE CASES WE WOULD PUT A CLINIC  
02:55PM 22 IN TO PROVIDE THOSE SERVICES.

02:55PM 23 SO THERE'S A LOT OF DIFFERENT CRITERIA THAT WE LOOK AT TO  
02:55PM 24 PUT THESE TYPES OF SERVICES IN.

02:55PM 25 Q. OKAY. LET'S GO TO THE NEXT EXHIBIT, WHICH IS 1861. AND I

02:55PM 1 DON'T RECALL WHETHER THIS IS ALREADY IN EVIDENCE.

02:55PM 2 IT'S NOT. SO LET'S LOOK AT IT BEFORE WE DISPLAY IT.

02:55PM 3 1861, DO YOU SEE THIS IS AN EMAIL FROM PATTY HAWORTH AGAIN

02:55PM 4 TO A GROUP OF PEOPLE?

02:55PM 5 A. YES, SIR.

02:55PM 6 Q. AND IS THIS THE JULY 10TH WALGREENS-THERANOS PARTNERSHIP

02:55PM 7 MEETING MINUTES AND ACTION ITEMS?

02:55PM 8 A. YES, SIR.

02:55PM 9 Q. AND IS THIS MS. HAWORTH TRANSMITTING ANOTHER SET OF

02:55PM 10 MINUTES THAT ARE DESIGNED TO ACCURATELY REFLECT WHAT HAPPENED

02:55PM 11 AT THE MEETING?

02:56PM 12 A. YES, SIR.

02:56PM 13 MR. COOPERSMITH: YOUR HONOR, WE OFFER EXHIBIT 1861.

02:56PM 14 MR. SCHENK: NO OBJECTION.

02:56PM 15 THE COURT: IT'S ADMITTED, AND IT MAY BE PUBLISHED.

02:56PM 16 (GOVERNMENT'S EXHIBIT 1861 WAS RECEIVED IN EVIDENCE.)

02:56PM 17 BY MR. COOPERSMITH:

02:56PM 18 Q. OKAY. LOOKING AT THE FIRST PAGE, YOU SEE THAT'S THE EMAIL

02:56PM 19 FROM MS. HAWORTH, AND THEN IT INCLUDES A GROUP OF PEOPLE,

02:56PM 20 INCLUDING MR. BALWANI AND YOURSELF.

02:56PM 21 DO YOU SEE THAT?

02:56PM 22 A. YES, SIR.

02:56PM 23 Q. AND THEN BELOW THAT IT HAS A SECTION CALLED ACTION ITEMS.

02:56PM 24 AND ONE OF THEM, NUMBER 5, IS "PLAN FOR TRANSITION FROM

02:56PM 25 PHLEBOTOMISTS IN STORES BY DECEMBER 31ST."

02:56PM 1 A. YES.

02:56PM 2 Q. AND WHAT IS THAT ABOUT?

02:56PM 3 A. I'D HAVE TO TAKE A LOOK AT EXACTLY WHAT THE DETAILS ARE.

02:56PM 4 I DON'T REMEMBER EXACTLY WHAT THEY'RE REFERRING TO IN THIS.

02:56PM 5 Q. OKAY. AND THEN NUMBER 7 SAYS, "DEVELOP SCALEABLE

02:56PM 6 MENTORING PROGRAM OR HAVE WALGREENS HIRE BOTS."

02:57PM 7 DO YOU SEE THAT?

02:57PM 8 A. YES.

02:57PM 9 Q. AND ARE BOTS A SHORT FORM OF THE WORD PHLEBOTOMISTS?

02:57PM 10 A. YES, IT IS.

02:57PM 11 Q. AND SO DO YOU RECALL AT THIS POINT THERE WAS A DISCUSSION

02:57PM 12 ABOUT WALGREENS HIRING PHLEBOTOMISTS?

02:57PM 13 A. YES.

02:57PM 14 Q. IF YOU GO TO PAGE 2, YOU SEE ACTION NUMBER 14, AND IT SAYS

02:57PM 15 "CONFIRM 4 STORE SITE SELECTION FOR SOUTH BAY AREA OUT OF LIST

02:57PM 16 OF 5 CANDIDATE STORES PROVIDED BY MP&R."

02:57PM 17 DO YOU SEE THAT?

02:57PM 18 A. YES.

02:57PM 19 Q. WHAT IS MP&R?

02:57PM 20 A. MARKET PLANNING, AND RESEARCH.

02:57PM 21 Q. THAT'S ANOTHER PART OF WALGREENS?

02:57PM 22 A. IT IS.

02:57PM 23 Q. AND SO THIS IS ABOUT -- THIS ACTION ITEM HAS TO DO WITH

02:57PM 24 CHOOSING SITE SELECTION FOR ADDITIONAL WALGREENS STORES IN THE

02:57PM 25 BAY AREA THAT WOULD HAVE THERANOS BLOOD COLLECTION INSIDE OF

02:57PM 1 THEM?

02:57PM 2 A. CORRECT. SO THIS VALIDATES -- THE POINT THAT I WAS TRYING

02:57PM 3 TO MAKE HERE IS BASED ON THE CRITERIA THAT THERANOS PROVIDED

02:57PM 4 US, WE WOULD PROVIDE A LIST OF STORES. SO WHAT WE'RE SAYING

02:58PM 5 HERE, NUMBER 14, IS TO CONFIRM A 4 STORE SITE SELECTION BASED

02:58PM 6 ON THE LIST THAT WE ARE PROVIDING MR. BALWANI.

02:58PM 7 Q. OKAY. AND THEN IF YOU GO TO NUMBER 15, IT SAYS, "SELECT

02:58PM 8 16 ADDITIONAL STORES IN NORTHERN CALIFORNIA."

02:58PM 9 THAT WAS ALSO AN ACTION ITEM?

02:58PM 10 A. YES.

02:58PM 11 Q. AND THEN NUMBER 17 SAYS, "SHARE DATA FOR SITE SELECTION

02:58PM 12 PROCESS WITH DAVE MILLER."

02:58PM 13 DO YOU SEE THAT?

02:58PM 14 A. I DO.

02:58PM 15 Q. AND WHO IS DAVE MILLER?

02:58PM 16 A. DAVE MILLER IS THE HEAD OF MARKET PLANNING AND RESEARCH.

02:58PM 17 WHAT HIS TEAM DOES, THEY ACTUALLY LOOK AT AND DO THE DUE

02:58PM 18 DILIGENCE FOR ANY TYPE OF SITE SELECTION.

02:58PM 19 SO IF WE WANT TO OPEN UP A BRAND NEW WALGREENS STORE, ALL

02:58PM 20 OF THE DUE DILIGENCE, ALL OF THE INFORMATION GATHERING WOULD BE

02:58PM 21 DONE BY HIS DEPARTMENT. SO WHAT DAVE MILLER AND THE MPR TEAM

02:58PM 22 IS DOING IS PLANNING OUT WHAT SOME OF THESE STORES AND WHAT

02:58PM 23 THOSE SELECTIONS LOOK LIKE BASED, AGAIN, ON THE CRITERIA THAT

02:59PM 24 IS PROVIDED TO US.

02:59PM 25 Q. OKAY. LET'S TURN TO PAGE 5 OF THE EXHIBIT. THIS IS THE

02:59PM 1 PARTNERSHIP MEETING MINUTES THEMSELVES.

02:59PM 2 YOU SEE THERE'S A LIST OF AGENDA ITEMS?

02:59PM 3 A. YES.

02:59PM 4 Q. AND AFTER THE KICKOFF AND THE CURRENT STATUS AGENDA ITEMS,

02:59PM 5 THEN THERE'S AN ITEM FOR "2014/15 MARKET EXPANSION ARIZONA,

02:59PM 6 CALIFORNIA, AND TRI-STATE (NEW YORK, NEW JERSEY, CONNECTICUT)."

02:59PM 7 DO YOU SEE THAT?

02:59PM 8 A. I DO.

02:59PM 9 Q. AND SOMETIMES PEOPLE REFER TO THE NEW YORK, NEW JERSEY,

02:59PM 10 CONNECTICUT AREA AS THE TRI-STATE AREA; IS THAT RIGHT?

02:59PM 11 A. THAT'S RIGHT.

02:59PM 12 Q. AND IF YOU GO DOWN THE PAGE THERE'S MEETING NOTES, AND IT

02:59PM 13 SAYS THAT YOU KICKED OFF THE MEETING; RIGHT?

02:59PM 14 A. YES.

02:59PM 15 Q. AND IT SAYS, "INCREASE INPATIENT RAMP SINCE WE LAST MET.

02:59PM 16 WE HIT OUR FIRST 100 PATIENTS/DAY ON JULY 2ND."

03:00PM 17 DO YOU SEE THAT?

03:00PM 18 A. I DO.

03:00PM 19 Q. AND SO THE PATIENT TRAFFIC IS INCREASING; RIGHT?

03:00PM 20 A. YES.

03:00PM 21 Q. AND THEN IT SAYS, "INTRODUCE DR. PAT CARROLL, CHIEF

03:00PM 22 MEDICAL OFFICER OF THE HEALTH CARE CLINICS."

03:00PM 23 AM I READING THAT RIGHT?

03:00PM 24 A. THAT'S RIGHT.

03:00PM 25 Q. AND SO WAS PAT CARROLL, DR. CARROLL, INVITED TO THE

03:00PM 1 MEETING?

03:00PM 2 A. I BELIEVE SO. I DO NOT KNOW THAT FOR A FACT.

03:00PM 3 Q. AND THAT WAS TO TALK ABOUT -- WELL, IF YOU'RE INTRODUCING

03:00PM 4 HIM, HE WOULD HAVE TO BE THERE; RIGHT?

03:00PM 5 A. NOT PHYSICALLY.

03:00PM 6 Q. HE COULD BE THERE ON THE PHONE?

03:00PM 7 A. ON THE PHONE, YEAH.

03:00PM 8 Q. OKAY. BUT HE WAS EITHER THERE IN PERSON OR BY THE PHONE?

03:00PM 9 A. CORRECT.

03:00PM 10 Q. OKAY. AND THE REASON THAT DR. CARROLL WAS THERE WAS TO

03:00PM 11 TALK ABOUT THE CONNECTION BETWEEN THE HEALTH CARE CLINICS AND

03:00PM 12 THERANOS SERVICES?

03:00PM 13 A. THAT'S RIGHT. AND WHAT WE WERE PLANNING AT THE TIME WAS,

03:00PM 14 WHAT IS OUR MENU OF SERVICES, NUMBER ONE? CAN WE INCORPORATE

03:00PM 15 ANY OF THE SERVICES WITHIN THE CLINICS OR WITH THERANOS, AND SO

03:00PM 16 WE WANTED TO MAKE SURE THAT PAT CARROLL WAS THERE TO PROVIDE

03:01PM 17 ANY INPUT INTO THAT.

03:01PM 18 Q. OKAY. AND YOU SEE ON THE NEXT PAGE, PAGE 6, THERE ARE

03:01PM 19 SOME MORE BULLETS, AND IF I GO TO THE, I GUESS IT'S THE FIFTH

03:01PM 20 BULLET, IT SAYS, "GOAL IS BY THE END OF THE YEAR FOR THERANOS

03:01PM 21 BOTS TO BE OUT OF THE STORES AND WALGREENS STAFF TO TAKE OVER

03:01PM 22 THIS ROLE."

03:01PM 23 DO YOU SEE THAT?

03:01PM 24 A. YES, I DO.

03:01PM 25 Q. AND THAT WAS A GOAL THAT WAS DISCUSSED AT THIS MEETING?

03:01PM 1 A. CORRECT.

03:01PM 2 Q. AND IF WALGREENS TOOK OVER THE ROLE, THAT WOULD, AS LONG

03:01PM 3 AS THERE WAS A NEED FOR PHLEBOTOMISTS, BE AN EXTRA COST ITEM

03:01PM 4 FOR WALGREENS POTENTIALLY?

03:01PM 5 A. WELL, WHAT WE'RE REFERRING TO HERE IS FOR THERANOS

03:01PM 6 PHLEBOTOMISTS, ALL PHLEBOTOMISTS TO BE OUT OF THE STORES AND

03:01PM 7 FOR WALGREENS STAFF, THE TRAINED TECHNICIANS TO TAKE OVER WHAT

03:01PM 8 IS A FINGERSTICK BLOOD DRAW.

03:01PM 9 SO THAT'S WHAT WE'RE REFERRING TO HERE.

03:01PM 10 Q. BUT YOU'VE ALWAYS -- YOU UNDERSTOOD THAT THERE WAS ALWAYS

03:02PM 11 GOING TO BE A NEED FOR SOME LEVEL OF VENOUS DRAW; RIGHT?

03:02PM 12 A. UNDERSTOOD.

03:02PM 13 Q. AND THAT WOULD TAKE A PHLEBOTOMIST?

03:02PM 14 A. THAT WOULD.

03:02PM 15 Q. OR A NURSE PRACTITIONER?

03:02PM 16 A. OR A NURSE PRACTITIONER.

03:02PM 17 Q. OKAY. AND IF WE GO DOWN THE PAGE IT'S IN THE MIDDLE, AND

03:02PM 18 MAYBE YOU CAN LOOK AT THE SCREEN AND WE'LL HIGHLIGHT THE

03:02PM 19 LANGUAGE.

03:02PM 20 IT SAYS, "WE ARE BUILDING OUT PRIVATE HEALTH ROOMS

03:02PM 21 CHAIN-WIDE AND WORKING WITH LEGAL TO GET THE GREEN LIGHT TO USE

03:02PM 22 THE HCC ROOMS; HOPING TO GET FROM AMY SHAPPERT IN THE NEXT

03:02PM 23 2 WEEKS."

03:02PM 24 DO YOU SEE THAT?

03:02PM 25 A. YES.

03:02PM 1 Q. AND WHO IS AMY SHAPPERT?

03:02PM 2 A. AMY SHAPPERT WAS OUR COUNSEL FOR THE HEALTH CARE CLINICS.

03:02PM 3 Q. OKAY. SO THIS ITEM IS ABOUT BUILDING PRIVATE HEALTH  
03:02PM 4 ROOMS; CORRECT?

03:02PM 5 A. YES.

03:02PM 6 Q. AND WORKING WITH LEGAL TO USE THE HCC ROOMS FOR THE  
03:02PM 7 THERANOS BLOOD TESTING PURPOSES?

03:02PM 8 A. CORRECT.

03:02PM 9 SO WHAT WE'RE DISCUSSING HERE IS THE SEPARATE ROOMS FOR  
03:03PM 10 OTHER SERVICES, LIKE THERANOS SERVICES IS ONE TOPIC.

03:03PM 11 WHAT WE WERE TRYING TO UNDERSTAND IS CAN WE USE THE HEALTH  
03:03PM 12 CARE CLINICS ITSELF, WHICH WERE FOR NURSE PRACTITIONERS  
03:03PM 13 PROVIDING ACUTE CARE SERVICES, CAN WE USE THOSE ROOMS FOR  
03:03PM 14 THERANOS SERVICES AS WELL?

03:03PM 15 AND THERE WERE SOME ISSUES THAT WE WANTED TO MAKE SURE  
03:03PM 16 THAT WE CLEARED UP BEFORE MOVING FORWARD WITH IT.

03:03PM 17 Q. OKAY. AND IF YOU GO TO NEAR THE BOTTOM OF THE PAGE, THE  
03:03PM 18 THIRD BULLET FROM THE BOTTOM, IT SAYS, "PER SUNNY, OFFERING NEW  
03:03PM 19 STD PANEL LATER THIS MONTH FOR NUCLEIC ACIDS, HIV, SYPHILIS,  
03:03PM 20 GONORRHEA, ET CETERA; 8 TESTS FOR \$59."

03:03PM 21 DO YOU SEE THAT?

03:03PM 22 A. YES.

03:03PM 23 Q. AND SO THAT WOULD BE A PANEL OF STD TESTS AT THAT PRICE  
03:03PM 24 POINT IN TERMS OF WHAT WAS DISCUSSED AT THE MEETING?

03:03PM 25 A. YES. WHAT WE DISCUSSED IS THE THERANOS TEAM WERE WORKING



03:04PM 1 ON THE V2 TESTS, AND IN THIS CASE IT WAS AN STD PANEL.

03:04PM 2 WE WERE TRYING TO UNDERSTAND, CAN WE OFFER THOSE TESTS  
03:04PM 3 THROUGH OUR CLINICS AS WELL, AND SO THAT'S WHAT THIS IS  
03:04PM 4 REFERRING TO.

03:04PM 5 Q. AND IF THAT WENT FORWARD, THEN THE DEAL WITH WALGREENS IS  
03:04PM 6 WALGREENS WOULD CAPTURE A PORTION OF THAT \$59 FEE; CORRECT?

03:04PM 7 A. I DON'T REMEMBER. I DON'T THINK THAT WAS A COST SHARING  
03:04PM 8 ON THAT MODEL.

03:04PM 9 Q. OKAY. BUT IN GENERAL, THAT'S HOW WALGREENS WAS HOPING TO  
03:04PM 10 MAKE MONEY OUT OF THIS DEAL WITH THERANOS, RIGHT, THAT THEY  
03:04PM 11 WOULD CAPTURE A PORTION OF THE FEE THAT WAS PAID FOR THE BLOOD  
03:04PM 12 TESTS?

03:04PM 13 A. NO. THE AGREEMENT WITH WALGREENS WAS THAT IT WAS A PER  
03:04PM 14 PATIENT FEE. IT WAS NOT A PER TEST OR A PERCENTAGE OF THE  
03:04PM 15 TEST. IT WAS A PER PATIENT FEE. SO IF IT WAS 100 PATIENTS, IT  
03:05PM 16 WOULD BE 100 TIMES WHATEVER THE FEE IS, WHICH WOULD BE WHAT THE  
03:05PM 17 REMUNERATION TO WALGREENS WOULD BE.

03:05PM 18 Q. OKAY. SO SOME PORTION OF THE PER PATIENT FEE IS HOW  
03:05PM 19 WALGREENS WOULD, WOULD HAVE REVENUE FROM THE THERANOS PROGRAM;  
03:05PM 20 RIGHT?

03:05PM 21 A. NO, THERE WAS NO PERCENTAGE.

03:05PM 22 SO I WANT TO BE VERY CLEAR. THE AGREEMENT WAS THAT EVERY  
03:05PM 23 PATIENT THAT COMES INTO A WALGREENS TO RECEIVE THERANOS  
03:05PM 24 SERVICES, WALGREENS WOULD BE REIMBURSED A SET FEE AS PART OF  
03:05PM 25 THE CONTRACT.

03:05PM 1 THAT'S THE DOLLAR AMOUNT THAT WE WOULD RECEIVE, OR

03:05PM 2 WALGREENS WOULD RECEIVE.

03:05PM 3 SO IF IT'S \$59 FOR A TEST, WE'RE NOT RECEIVING \$59 OR

03:05PM 4 WE'RE NOT RECEIVING A PERCENTAGE OF THE \$59.

03:05PM 5 WHAT WE ARE RECEIVING IS A FEE FOR THAT ONE PATIENT.

03:05PM 6 Q. OKAY. AND WAS THE ONE PATIENT, THE FEE PER PATIENT \$10?

03:06PM 7 IS THAT WHAT YOU UNDERSTAND?

03:06PM 8 A. THAT'S CORRECT.

03:06PM 9 Q. SO IF THAT PATIENT PAID \$59 FOR AN STD PANEL, WALGREENS

03:06PM 10 WOULD GET \$10?

03:06PM 11 A. FOR THAT PATIENT.

03:06PM 12 Q. RIGHT, FOR THAT PATIENT?

03:06PM 13 A. CORRECT.

03:06PM 14 Q. OKAY. THANK YOU.

03:06PM 15 IF YOU GO TO THE NEXT PAGE, DO YOU SEE THERE'S A HEADING

03:06PM 16 THAT'S CALLED 2014/15 MARKET EXPANSION: ARIZONA, CALIFORNIA,

03:06PM 17 TRI-STATE AREA?

03:06PM 18 A. I DO.

03:06PM 19 Q. AND IN THIS PARTNERSHIP MEETING, THE DISCUSSION WAS A

03:06PM 20 POTENTIAL MARKET EXPANSION OF THESE THERANOS-WALGREENS STORES

03:06PM 21 IN THOSE THREE AREAS, ARIZONA, CALIFORNIA, AND THE TRI-STATE

03:06PM 22 AREA?

03:06PM 23 A. CORRECT. IN OUR DISCUSSION, AGAIN, BOTH TEAMS DISCUSSING

03:06PM 24 WHERE THE NEXT STATES WOULD BE, AGAIN, I WANT TO UNDERSCORE, WE

03:06PM 25 HAVE TO PLAN. THERE'S A LOT THAT NEEDS TO GO INTO OPENING UP A

03:07PM 1 WALGREENS STORE, LET ALONE WALGREENS PLUS A THERANOS STORE.

03:07PM 2 SO WHAT WE'RE LOOKING TO DO HERE IS TO SAY, WHERE IS THE  
03:07PM 3 NEXT EXPANSION THAT WE OUGHT TO BE THINKING ABOUT? IN THIS  
03:07PM 4 CASE ARIZONA, CALIFORNIA, NEW YORK, NEW JERSEY, CONNECTICUT.

03:07PM 5 SO AS YOU SEE FROM THE LIST OF THE BULLET POINTS, WE ARE  
03:07PM 6 STARTING TO PLAN.

03:07PM 7 Q. OKAY. AND SO AS OF THIS DATE, THIS PARTNERSHIP MEETING IN  
03:07PM 8 I THINK IT'S JULY 10TH, 2014, THE NEXT EXPANSION AREA  
03:07PM 9 POTENTIALLY FOR EXPANSION WAS ADDITIONAL EXPANSION IN ARIZONA,  
03:07PM 10 AND CALIFORNIA, AND THEN NEW EXPANSION IN THE TRI-STATE AREA;  
03:07PM 11 CORRECT?

03:07PM 12 A. THAT'S CORRECT.

03:07PM 13 Q. OKAY. AND THEN BELOW THAT, THERE'S A HEADING THAT SAYS  
03:07PM 14 "ROAD AHEAD FOR ARIZONA IN 2014."

03:07PM 15 DO YOU SEE THAT?

03:07PM 16 A. YES, I DO.

03:07PM 17 Q. AND THAT WAS -- THAT AGENDA ITEM WAS RELATING TO  
03:07PM 18 SPECIFICALLY WHAT THE PLANS WERE FOR ARIZONA, THAT PARTICULAR  
03:07PM 19 MARKET?

03:07PM 20 A. THAT'S CORRECT.

03:07PM 21 Q. AND THAT'S A PLACE WHERE THERE WERE ALREADY STORES THAT  
03:08PM 22 WERE OPERATING; RIGHT?

03:08PM 23 A. THAT'S CORRECT.

03:08PM 24 Q. THEN IF YOU GO TO THE NEXT PAGE, THERE'S A CALIFORNIA NEXT  
03:08PM 25 STEPS SECTION.

03:08PM 1 DO YOU SEE THAT?

03:08PM 2 A. I DO.

03:08PM 3 Q. AND THE ITEMS DISCUSSED WERE "5 STORES IN BAY

03:08PM 4 AREA/PENINSULA LIVE BY SEPTEMBER 30TH."

03:08PM 5 DO YOU SEE THAT?

03:08PM 6 A. I DO.

03:08PM 7 Q. AND THEN "20 STORES BY 12/31." THAT WAS A GOAL THAT WAS

03:08PM 8 DISCUSSED?

03:08PM 9 A. IT WAS.

03:08PM 10 Q. AND THEN THE "STAFF WILL BE WALGREENS PHLEBOTOMISTS"?

03:08PM 11 A. CORRECT.

03:08PM 12 Q. AND THAT WOULD MEAN IF THERE WERE WALGREENS PHLEBOTOMISTS,

03:08PM 13 THAT WALGREENS WAS PAYING THOSE PEOPLE?

03:08PM 14 A. THAT'S THE ASSUMPTION, CORRECT.

03:08PM 15 Q. RIGHT.

03:08PM 16 OKAY. AND IF YOU GO TO PAGE 23.

03:09PM 17 DO YOU SEE THERE'S A --

03:09PM 18 A. PAGE 23?

03:09PM 19 Q. YEAH, PAGE 23 OF THE EXHIBIT.

03:09PM 20 OH, I SEE WHAT HAPPENED. ONE SECOND, MR. JHAVERI.

03:09PM 21 ONE MOMENT, YOUR HONOR.

03:10PM 22 (DISCUSSION AMONGST DEFENSE COUNSEL OFF THE RECORD.)

03:10PM 23 MR. COOPERSMITH: THANK YOU FOR THE INDULGENCE,

03:10PM 24 YOUR HONOR. I APPRECIATE IT.

03:10PM 25 Q. I THINK I HAVE MY BINDER BACK TOGETHER, MR. JHAVERI.

03:10PM 1 I THINK THAT'S ALL FOR THAT EXHIBIT, SO WE CAN MOVE ON TO  
03:10PM 2 THE NEXT ONE.  
03:10PM 3 THE NEXT EXHIBIT IS 20228.  
03:11PM 4 DO YOU HAVE 20228?  
03:11PM 5 A. I DO HAVE IT.  
03:11PM 6 Q. OKAY. THANK YOU.  
03:11PM 7 AND YOU RECOGNIZE THIS AS AN EMAIL, THE TOP EMAIL BETWEEN  
03:11PM 8 YOU AND MR. BALWANI AND OTHERS?  
03:11PM 9 A. YES.  
03:11PM 10 Q. AND IT'S FROM THE END OF JULY, 2014?  
03:11PM 11 A. YES, FROM JULY 2014.  
03:11PM 12 MR. COOPERSMITH: YOUR HONOR, WE OFFER 20228.  
03:11PM 13 MR. SCHENK: NO OBJECTION.  
03:11PM 14 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.  
03:11PM 15 (DEFENDANT'S EXHIBIT 20228 WAS RECEIVED IN EVIDENCE.)  
03:11PM 16 BY MR. COOPERSMITH:  
03:11PM 17 Q. OKAY. IF YOU GO TO THE BOTTOM EMAIL, WHICH IS THE  
03:12PM 18 EARLIEST IN TIME, MR. BALWANI WRITES ON JULY 28TH, AND THEN THE  
03:12PM 19 EMAIL GOES ON TO THE NEXT PAGE, "NIM/CASEY,  
03:12PM 20 "HOPE ALL IS WELL. JUST WANT TO SEND YOU A FEW QUICK  
03:12PM 21 UPDATES."  
03:12PM 22 DO YOU SEE THAT?  
03:12PM 23 A. YES.  
03:12PM 24 Q. AND AT THE BOTTOM THERE HE WRITES, "SEPARATELY, I HAVEN'T  
03:12PM 25 HEARD FROM HCC TEAM ON STI DISCUSSION SINCE I SENT THE

03:12PM 1 POWERPOINT TO THE TEAM."

03:12PM 2 DO YOU SEE THAT?

03:12PM 3 A. YES.

03:12PM 4 Q. OKAY. AND STI AND STD, THAT MEANS THE SAME THING; RIGHT?

03:12PM 5 A. INTERCHANGEABLE.

03:12PM 6 Q. RIGHT.

03:12PM 7 AND THEN IF YOU GO TO THE EMAIL ON PAGE 1 FROM

03:12PM 8 CASEY KOZLOWSKI, HE WRITES:

03:12PM 9 "SUNNY, THANKS FOR THE NOTE -- THIS IS ALL GREAT NEWS. I

03:12PM 10 ACTUALLY HAD A CALL REGARDING HCC STD TESTING TODAY -- MORE TO

03:12PM 11 COME ON THAT BUT THINGS ARE MOVING FORWARD. PAT CARROLL WAS ON

03:13PM 12 THE CALL AND WILL BE IN ARIZONA WITH US NEXT WEEK. WE'D LIKE

03:13PM 13 TO ADD THIS TO THE AGENDA FOR MEETING IF YOU DON'T MIND."

03:13PM 14 AND THEN IT SAYS, "ON AN UNRELATED NOTE, I HAD AN

03:13PM 15 INTERESTING CONVERSATION WITH STATE FARM RECENTLY. THEY ARE

03:13PM 16 INTERESTED IN DOING LIFE INSURANCE PANELS WITH WALGREENS AND

03:13PM 17 THERANOS. I'D LIKE TO SET UP SOME TIME WITH YOU LATER THIS

03:13PM 18 WEEK IF POSSIBLE TO GIVE YOU SOME BACKGROUND AND DETAILS ON

03:13PM 19 THEIR ASK."

03:13PM 20 DO YOU SEE THAT?

03:13PM 21 A. YES.

03:13PM 22 Q. AND THIS WAS ANOTHER POTENTIAL SOURCE OF PATIENTS WHERE IF

03:13PM 23 STATE FARM WOULD WANT PEOPLE TO COME AND DO BLOOD TESTS TO

03:13PM 24 UNDERWRITE LIFE INSURANCE? IS THAT WHAT THIS IS ABOUT?

03:13PM 25 A. THAT'S CORRECT. AGAIN, WE WERE ALL TRYING TO MAKE THIS

03:13PM 1 SUCCESSFUL, AND SO CASEY KOZLOWSKI HAD A CONTACT AT STATE FARM  
03:13PM 2 AND HAD A DISCUSSION ABOUT POTENTIALLY OFFERING THERANOS  
03:13PM 3 SERVICES AS PART OF THE INSURANCE PANEL THAT THEY HAD TO HAVE.  
03:13PM 4 Q. AND THEN ABOVE THAT MR. BALWANI WRITES, "WE BROKE THRU 20  
03:13PM 5 CUSTOMERS PER DAY THRESHOLD IN OUR PALO ALTO STORE. 22  
03:14PM 6 PATIENTS TODAY. 2 COUPONS, 20 PAID CUSTOMERS."  
03:14PM 7 DO YOU SEE THAT?  
03:14PM 8 A. YES.  
03:14PM 9 Q. AND THEN YOU WROTE, "THANK YOU SUNNY. THIS IS TERRIFIC.  
03:14PM 10 WE ARE STARTING TO MOVE MOUNTAINS. CONGRATULATIONS."  
03:14PM 11 DO YOU SEE THAT?  
03:14PM 12 A. YES.  
03:14PM 13 Q. AND THAT'S WHAT YOU THOUGHT AT THE TIME WHEN YOU WROTE  
03:14PM 14 THAT; RIGHT?  
03:14PM 15 A. I DID. IN JULY OF 2014, BOTH TEAMS CONTINUED TO WORK VERY  
03:14PM 16 HARD TO MAKE THIS A SUCCESSFUL PROJECT, AND TO SEE 20 PATIENTS  
03:14PM 17 IN A SINGLE DAY WAS VERY GOOD TO SEE.  
03:14PM 18 Q. OKAY. LET'S GO TO THE NEXT EXHIBIT. IT'S 1884, AND  
03:14PM 19 THAT'S ALREADY IN EVIDENCE.  
03:14PM 20 THIS IS A PARTNERSHIP MEETING FROM THE NEXT MONTH, AUGUST  
03:14PM 21 OF 2014, AND PATTY HAWORTH SENT THIS AROUND; IS THAT CORRECT?  
03:14PM 22 A. ONE SECOND. SORRY.  
03:14PM 23 Q. OF COURSE.  
03:15PM 24 A. OKAY.  
03:15PM 25 Q. MY QUESTION, JUST TO ORIENT US, WAS THIS WAS PARTNERSHIP

03:15PM 1 MEETING MINUTES FROM THE NEXT MONTH, AUGUST 2014; IS THAT  
03:15PM 2 CORRECT?

03:15PM 3 A. YES.

03:15PM 4 Q. AND THEN IN THE BEGINNING, MS. HAWORTH WRITES, "PLEASE SEE  
03:15PM 5 ATTACHED FOR REVISED SLIDE DECK."

03:15PM 6 JUST PAUSE THERE FOR A MINUTE. I THINK YOU SAID THIS, BUT  
03:15PM 7 THERE WERE SOMETIMES SLIDE POWERPOINT PRESENTATIONS THAT WERE  
03:15PM 8 PRESENTED AT THESE MEETINGS?

03:15PM 9 A. SURE, YES.

03:15PM 10 Q. OKAY. AND IN THIS CASE, MS. HAWORTH SENT AROUND A REVISED  
03:15PM 11 VERSION?

03:15PM 12 A. THAT'S WHAT IT SEEMS LIKE, YES.

03:15PM 13 Q. AND THEN THE SMART GOALS, IS THAT A WALGREENS ACRONYM  
03:15PM 14 FOR --

03:15PM 15 A. NO. SMART IS AN HR ACRONYM, AND I CAN'T -- DON'T ASK ME  
03:15PM 16 TO TELL YOU WHAT THOSE WORDS OR LETTERS MEANS.

03:15PM 17 BUT IT'S BASICALLY GOALS THAT ARE SMART, THEY'RE  
03:15PM 18 MEASURABLE, THEY'RE SOMETHING THAT YOU CAN TAKE ACTION ON.  
03:15PM 19 THAT'S WHAT THAT IS REFERRING TO.

03:15PM 20 Q. OKAY. LET'S GO TO THE PARTNERSHIP MEETING MINUTES ITSELF.  
03:16PM 21 LET'S START ON PAGE 4 OF THE DOCUMENT, AND THAT'S THE  
03:16PM 22 PARTNERSHIP MEETING MINUTES.

03:16PM 23 AGAIN, THERE'S A GROUP OF ATTENDEES FROM THERANOS AND  
03:16PM 24 WALGREENS AT THIS MEETING?

03:16PM 25 A. YES.



03:16PM 1 Q. AND IF YOU GO TO THE AGENDA ITEMS, YOU SEE PAT CARROLL IS  
03:16PM 2 ONE OF THE PRESENTERS?

03:16PM 3 A. YES.

03:16PM 4 Q. AND THAT'S DR. CARROLL, THE CMO OF THE HEALTH CARE CLINIC  
03:16PM 5 SIDE OF WALGREENS?

03:16PM 6 A. THAT'S CORRECT.

03:16PM 7 Q. OKAY. AND THEN THERE'S A KICKOFF, AND IT SAYS, "SUNNY  
03:16PM 8 KICKED OFF THE MEETING."

03:16PM 9 AND IT SAYS, "MOMENTUM IS BUILDING AND PATIENT UPTICK IS  
03:16PM 10 OCCURRING."

03:16PM 11 RIGHT?

03:16PM 12 A. YES.

03:16PM 13 Q. AND THAT WAS TRUE AT THE TIME; RIGHT?

03:16PM 14 A. YES.

03:16PM 15 Q. AND THEN IT SAYS, "MET 3 TIMES IN A ROW (MAY 28TH,  
03:16PM 16 JULY 10TH, AUGUST 7TH); NEXT MEETING IS OCTOBER 2ND."

03:17PM 17 RIGHT?

03:17PM 18 A. THAT'S CORRECT.

03:17PM 19 Q. AND SO THERE'S A PRETTY FAIR NUMBER OF PEOPLE THAT HAVE TO  
03:17PM 20 GET TOGETHER TO HAVE ONE OF THESE MEETINGS; RIGHT?

03:17PM 21 A. YES.

03:17PM 22 Q. AND MEETING THAT OFTEN IS A SIGN THAT THERE'S A REAL  
03:17PM 23 EFFORT BY THERANOS AND WALGREENS TO MOVE THE PROGRAM FORWARD;  
03:17PM 24 RIGHT?

03:17PM 25 A. YES.

03:17PM 1 Q. AND THEN IF YOU GO TO THE NEXT BULLET, IT SAYS, "NIM  
03:17PM 2 COMMENTED ON A BIG DAY FOR WALGREENS TO FOCUS US EVEN HARDER  
03:17PM 3 FOR WHAT IS NEXT TO FOCUS ON INITIATIVES TO DRIVE VALUE TO  
03:17PM 4 WALGREENS, OUR PARTNERS, AND U.S. HEALTH SYSTEM."

03:17PM 5 AND "THE BIG DAY," ARE YOU TALKING ABOUT THIS MEET ITSELF?

03:17PM 6 A. YOU KNOW, I COULDN'T QUITE TELL YOU. I DON'T REMEMBER  
03:17PM 7 EXACTLY WHY I REFER TO IT AS "A BIG DAY."

03:17PM 8 Q. OKAY. AND THEN IT SAYS, "THE PROJECT TEAM IS IN THE  
03:17PM 9 PROCESS OF PUTTING TOGETHER A CLEARLY ARTICULATED PLAYBOOK,  
03:17PM 10 INCLUDING PEOPLE, PREPAREDNESS, MARKETING, OPERATIONS, LAUNCH  
03:17PM 11 PLANS, ET CETERA."

03:18PM 12 DO YOU SEE THAT?

03:18PM 13 A. YES.

03:18PM 14 Q. AND SO ALL OF THOSE THINGS THAT ARE MENTIONED, AND MORE,  
03:18PM 15 WOULD BE NECESSARY TO CONTINUE TO EXPAND THE PROGRAM WITH  
03:18PM 16 THERANOS?

03:18PM 17 A. YES. IT'S ALL OF THOSE THINGS, MAKING SURE THAT THE PILOT  
03:18PM 18 IS SUCCESSFUL, MAKING SURE THAT WE'RE HITTING ON THE METRICS,  
03:18PM 19 MAKING SURE THAT BOTH COMPANIES ARE PREPARED AND HAVE THE  
03:18PM 20 CAPABILITIES TO EXPAND, IT'S ALL OF THOSE THINGS THAT WE'RE  
03:18PM 21 DISCUSSING HERE. WHEN WE SAY "AN ARTICULATED PLAYBOOK," THAT  
03:18PM 22 PLAYBOOK NEEDS TO INCLUDE ALL OF THAT.

03:18PM 23 Q. RIGHT. AND THEN IF YOU GO TO THE NEXT PAGE, PAGE 5, IT  
03:18PM 24 SAYS, "MATT ECHOED NIM AND MENTIONED THE NEED FOR COST CONTROL;  
03:18PM 25 COLLABORATION HAS IMPROVED SIGNIFICANTLY; WE CAN BE BRUTALLY

03:18PM 1 HONEST WITH EACH OTHER INTERNALLY AND HAVE A UNITED FRONT; NEED  
03:18PM 2 TO SELL THE THERANOS/WALGREENS VALUE PROP."

03:18PM 3 DO YOU SEE THAT?

03:18PM 4 A. YES.

03:18PM 5 Q. AND WHO IS MATT IN THAT?

03:18PM 6 A. MATT SESTO WAS ONE OF OUR REGIONAL VICE PRESIDENTS AND HE  
03:19PM 7 OVERSAW THE STORE OPERATIONS FOR THE ARIZONA MARKET.

03:19PM 8 ALL OF OUR MARKETS THROUGHOUT THE COUNTRY HAVE LEADERS  
03:19PM 9 THAT HAVE OVERSIGHT TO ENSURE THAT THE STORES ARE OPERATING  
03:19PM 10 APPROPRIATELY, CUSTOMER SERVICE IS AT THE HIGHEST LEVEL, AND  
03:19PM 11 ALL OF THE THINGS THAT GO INTO A RETAIL STORE.

03:19PM 12 Q. OKAY. AND THEN THE NEXT ITEM IS CURRENT STATUS.

03:19PM 13 DO YOU SEE THAT?

03:19PM 14 A. YES.

03:19PM 15 Q. AND AT THAT TIME IN AUGUST OF 2014, THERE WERE 30 STORES  
03:19PM 16 LIVE.

03:19PM 17 DO YOU SEE THAT?

03:19PM 18 A. YES.

03:19PM 19 Q. AND THERE WERE WAVE 4 LAUNCH DATES FOR ADDITIONAL STORES  
03:19PM 20 TO BE DETERMINED.

03:19PM 21 DO YOU SEE THAT?

03:19PM 22 A. I DO SEE THAT.

03:19PM 23 Q. AND TOTAL VISITS IN JULY, IS THAT THE TOTAL PATIENT VISITS  
03:19PM 24 IN JULY OF 2014?

03:19PM 25 A. CORRECT. IT WAS TOTAL VISITS ACROSS ALL OF THOSE STORES

03:19PM 1 THAT WERE ACTIVE.

03:19PM 2 SO IN THIS CASE 2,637 PATIENTS CAME TO 30 STORES.

03:19PM 3 Q. OKAY. AND THE FOURTH ITEM THERE IS "27 OUT OF 30 STORES

03:20PM 4 ON DSL."

03:20PM 5 DO YOU KNOW WHAT THAT IS?

03:20PM 6 A. YES, IT'S AN INTERNET CONNECTION.

03:20PM 7 Q. SIX IS "MOSTLY IMPROVED PATIENT EXPERIENCE."

03:20PM 8 DO YOU SEE THAT?

03:20PM 9 A. YES.

03:20PM 10 Q. AND THEN NUMBER 7, THIS IS PART OF THE PATIENT EXPERIENCE,

03:20PM 11 RIGHT, "THE MEDIAN CHECK IN TIME EQUALS 5 MINUTES WITH A

03:20PM 12 DECREASE OF 1 MINUTE."

03:20PM 13 DO YOU SEE THAT?

03:20PM 14 A. THAT'S CORRECT.

03:20PM 15 Q. SO THAT MEANS FROM A PREVIOUS TIME THIS WAS MEASURED,

03:20PM 16 THERE HAD BEEN A DECREASE ON AVERAGE OF 1 MINUTE FOR THE CHECK

03:20PM 17 IN TIME?

03:20PM 18 A. THAT'S RIGHT.

03:20PM 19 Q. AND SO THAT WAS MOVING IN THE RIGHT DIRECTION?

03:20PM 20 A. YES, IT WAS.

03:20PM 21 Q. AND THEN MEDIAN WAIT TIME, SAME THING, MOVING IN THE RIGHT

03:20PM 22 DIRECTION? ACTUALLY NOT. IT'S INCREASED BY 1 MINUTE; RIGHT?

03:20PM 23 A. THAT'S RIGHT.

03:20PM 24 Q. OKAY. AND THEN MEDIAN PERFORM TIME, WHAT IS THAT?

03:20PM 25 A. THE PERFORM TIME IS THE ACTUAL BLOOD DRAW, AND SO WE WERE

03:20PM 1 MEASURING THAT AS WELL AND THAT INCREASED BY 2 MINUTES.

03:21PM 2 Q. OKAY. BELOW THAT, AFTER 1 THROUGH 10, IT SAYS -- I SPOKE

03:21PM 3 TOO FAST.

03:21PM 4 "MEDICARE/MEDICAID NOW CONSIDERS THERANOS A LARGE LAB WITH

03:21PM 5 40 LOCATIONS."

03:21PM 6 DO YOU SEE THAT?

03:21PM 7 A. YES, I DO.

03:21PM 8 Q. AND THEN IF YOU GO A FEW BULLETS DOWN, IT SAYS, "THERANOS

03:21PM 9 EXPERIENCE SURVEY SUMMARY RESULTS ARE OFF THE CHARTS."

03:21PM 10 DO YOU SEE THAT?

03:21PM 11 A. I DO.

03:21PM 12 Q. AND THAT WAS TRUE AT THE TIME?

03:21PM 13 A. AT THE TIME.

03:21PM 14 Q. AND IT SAYS, "NIM ASKED FOR MONTH-TO-MONTH TRENDING

03:21PM 15 REPORTS."

03:21PM 16 SO IT GOES ON.

03:21PM 17 DO YOU SEE THAT?

03:21PM 18 A. YES.

03:21PM 19 Q. AND BELOW THAT, THE NEXT BULLET SAYS, "BASELINE INFO

03:21PM 20 PROVIDED WHERE CUSTOMERS TYPICALLY GET THEIR PRESCRIPTIONS

03:21PM 21 FILLED; THIS IS PATIENT ACQUISITION INFO; NEED TO IDENTIFY

03:21PM 22 SYNERGIES; PER NIM, IMPORTANT TO GET SEGMENT OF 47 PERCENT THAT

03:21PM 23 DON'T USE WALGREENS TO FILL SCRIPTS."

03:21PM 24 DO YOU SEE THAT?

03:21PM 25 A. I DO.

03:21PM 1 Q. AND THIS IS REFERRING TO PRESCRIPTIONS; RIGHT?

03:22PM 2 A. WHAT THIS IS REFERRING TO IS AS PART OF DOING THE ANALYSIS  
03:22PM 3 OF WHO IS COMING IN TO GET THERANOS SERVICES, WE ALSO ASKED  
03:22PM 4 THEM A QUESTION, WHERE DO YOU HAVE YOUR PRESCRIPTION FILLED?

03:22PM 5 SO AFTER -- IF YOU REMEMBER, ONCE THE BLOOD DRAW IS DONE,  
03:22PM 6 WE WOULD HAND THEM A TABLET TO THEN INDICATE WHAT TYPE OF  
03:22PM 7 EXPERIENCE THAT THEY HAD, AND ONE OF THE QUESTIONS THAT WE  
03:22PM 8 ASKED THEM IS, WHERE DID YOU FILL YOUR PRESCRIPTION, OR WHERE  
03:22PM 9 DO YOU FILL YOUR PRESCRIPTION?

03:22PM 10 AND ABOUT 47 PERCENT OF THOSE INDIVIDUALS THAT ACTUALLY  
03:22PM 11 RESPONDED SAID THEY DIDN'T USE WALGREENS FOR THEIR  
03:22PM 12 PRESCRIPTIONS.

03:22PM 13 AND SO MY COMMENT HERE IS, HOW DO WE ATTRACT THAT  
03:22PM 14 47 PERCENT TO WALGREENS PHARMACIES TO HAVE THEIR PRESCRIPTIONS  
03:22PM 15 FILLED?

03:22PM 16 Q. OKAY. SO IN OTHER WORDS, 47 PERCENT OF THE PEOPLE COMING  
03:22PM 17 IN TO GET A THERANOS BLOOD DRAW WERE PEOPLE WHO DON'T  
03:22PM 18 ORDINARILY GET PRESCRIPTIONS FILLED AT WALGREENS?

03:22PM 19 A. CORRECT. THEY MAY SHOP AT WALGREENS, BUT THEY MAY NOT GET  
03:22PM 20 THEIR PRESCRIPTIONS FILLED AT WALGREENS, OR THEY MAY NOT HAVE A  
03:22PM 21 PRESCRIPTION TO FILL.

03:22PM 22 Q. SO THE OPPORTUNITY FOR WALGREENS IS TO HAVE THOSE PEOPLE  
03:23PM 23 SWITCH TO GET THEIR PRESCRIPTIONS FILLED AT WALGREENS; RIGHT?

03:23PM 24 A. CORRECT. IF THEY HAD A PRESCRIPTION FILLED OR NEEDED A  
03:23PM 25 PRESCRIPTION, THAT WE WOULD WANT THEM TO FILL IT AT WALGREENS.

03:23PM 1 Q. THIS IS ONE OF THE BENEFITS POTENTIALLY OF THE THERANOS  
03:23PM 2 PROGRAM FOR WALGREENS; RIGHT?

03:23PM 3 A. CORRECT. THESE ARE THE SYNERGIES WHY WE -- WHY THE  
03:23PM 4 PARTNERSHIP MADE SENSE. IT WAS A ONE STOP SHOP FOR CUSTOMERS  
03:23PM 5 AND PATIENTS TO GET THEIR SERVICES FROM THE PHARMACY, AS WELL  
03:23PM 6 AS IF THEY NEEDED ANY LAB SERVICES, THEY COULD ALSO OBTAIN LAB  
03:23PM 7 SERVICES.

03:23PM 8 Q. AND IF A PERSON CAME IN TO GET A THERANOS BLOOD TEST AND  
03:23PM 9 ON THE WAY OUT BOUGHT SOME ITEMS FOR SALE AT WALGREENS, THAT  
03:23PM 10 WOULD ALSO BE A BENEFIT TO WALGREENS; RIGHT?

03:23PM 11 A. IT WOULD BE A BENEFIT. UNFORTUNATELY, MOST PRESCRIPTION  
03:23PM 12 CUSTOMERS DO NOT BUY THINGS ON THE FRONT OF STORE AT THE SAME  
03:23PM 13 TRIP.

03:23PM 14 Q. OKAY. THAT'S WHAT YOU KNOW IN YOUR EXPERIENCE?

03:23PM 15 A. WE DO KNOW THAT.

03:23PM 16 Q. OKAY. THEN IF YOU GO DOWN A LITTLE BIT, IT SAYS, "NIM AND  
03:24PM 17 SUZANNE HANSEN ARE MEETING WITH LEGAL TEAM ON WEDNESDAY TO USE  
03:24PM 18 CLINIC ROOMS AGNOSTICALLY FOR ANY SERVICE."

03:24PM 19 DO YOU SEE THAT?

03:24PM 20 A. I DO.

03:24PM 21 Q. AND THAT'S FOR -- THE ISSUE THERE IS POTENTIALLY PUTTING  
03:24PM 22 BLOOD COLLECTION FOR THERANOS IN THESE HEALTH CARE CLINICS;  
03:24PM 23 RIGHT?

03:24PM 24 A. THAT'S CORRECT.

03:24PM 25 Q. AND THEN IT SAYS BELOW THAT, "NIM EXPERIENCED BOTH A

03:24PM 1 VENOUS DRAW AND FINGERSTICK AND IT WENT SEAMLESSLY."

03:24PM 2 DO YOU SEE THAT?

03:24PM 3 A. YES.

03:24PM 4 Q. AND THAT'S WHAT WE WERE REFERRING TO BEFORE WHEN YOU WENT  
03:24PM 5 AND HAD THOSE TWO TYPES OF BLOOD DRAWS ON YOURSELF?

03:24PM 6 A. CORRECT.

03:24PM 7 Q. OKAY. IF YOU GO TO THE NEXT PAGE, DO YOU SEE THERE'S A  
03:24PM 8 SECTION CALLED OPPORTUNITIES?

03:24PM 9 A. I DO.

03:24PM 10 Q. AND ONE OPPORTUNITY, THE FIRST ONE IS "SCALEABLE STRATEGY  
03:24PM 11 FOR CHECK IN."

03:24PM 12 DO YOU SEE THAT?

03:25PM 13 A. YES.

03:25PM 14 Q. AND THAT'S TO MAKE SURE THE CHECK IN PROCESS IS SMOOTH SO  
03:25PM 15 AS THE PARTNERSHIP EXPANDS, THE CHECK IN PROCESS WOULD GO  
03:25PM 16 SMOOTH WITH THE NEW EXPANDED STORES; RIGHT?

03:25PM 17 A. YEAH. IT'S MUCH MORE THAN JUST SMOOTH. WE NEED TO MAKE  
03:25PM 18 SURE THAT IF WE HAD MULTIPLE PATIENTS COMING TO THE COUNTER,  
03:25PM 19 THAT WE DON'T HAVE PATIENTS WAITING. SO IT WASN'T ABOUT ONE  
03:25PM 20 WINDOW WHERE A CUSTOMER COULD GO TO GET CHECKED IN.

03:25PM 21 IF THERE WERE MULTIPLE PATIENTS, WE NEEDED TO BE ABLE TO  
03:25PM 22 MANAGE THAT FLOW AND MANAGE THAT ENTIRE VOLUME OF PATIENTS  
03:25PM 23 COMING IN AND HAVING A GREAT EXPERIENCE.

03:25PM 24 SO, YES, IT WAS TO MAKE SURE IT WAS SMOOTH, BUT IT'S ALSO  
03:25PM 25 TO ENSURE THAT WE CAN MANAGE A LARGER NUMBER OF PATIENTS.



03:25PM 1 Q. OKAY. AND THAT'S WHY THAT WAS BEING DISCUSSED AT THE  
03:25PM 2 MEETING, TO MAKE SURE THAT AS THE PARTNERSHIP EXPANDED, YOU  
03:25PM 3 COULD MANAGE IT CORRECTLY; RIGHT?

03:25PM 4 A. RIGHT. THESE WERE ALL PART OF THE METRICS THAT WE HAD  
03:25PM 5 LOOKED AT BEFORE THAT WOULD CONSTITUTE SUCCESS OR NOT.

03:25PM 6 Q. OKAY. IF YOU GO DOWN THERE, THERE'S NUMBER 6. DO YOU SEE  
03:25PM 7 THAT UNDER OPPORTUNITIES? AND IT READS, "ASSURANCE THAT  
03:26PM 8 40 PERCENT OF STORES WILL BE DEDICATED SPACE (CONTRACTUAL  
03:26PM 9 AGREEMENT); SUNNY WILL DISCUSS WITH NIM."

03:26PM 10 THAT'S THAT GOLD STORE ISSUE THAT WE TALKED ABOUT; RIGHT?

03:26PM 11 A. THAT'S CORRECT.

03:26PM 12 Q. AND THEN IT SAYS, "PER CASEY, WELL EXPERIENCE HAS BETTER  
03:26PM 13 LABOR AND BETTER OUTCOMES, SO RECOMMEND FOLLOWING WELL  
03:26PM 14 EXPERIENCE IN THE FUTURE."

03:26PM 15 DO YOU SEE THAT?

03:26PM 16 A. I DO.

03:26PM 17 Q. AND IT SAYS, "THIS WILL BE A SHARED SPACE, NOT DEDICATED";  
03:26PM 18 RIGHT?

03:26PM 19 A. THAT'S RIGHT.

03:26PM 20 Q. AND SO THE WELL EXPERIENCE STORES WOULD BE STORES THAT  
03:26PM 21 HAVE A SHARED SPACE FOR THERANOS BLOOD COLLECTION AND OTHER  
03:26PM 22 PROGRAMS THAT WELL EXPERIENCE WAS WORKING ON? IT WOULDN'T BE A  
03:26PM 23 DEDICATED THERANOS SPACE; CORRECT?

03:26PM 24 A. RIGHT. ALL OF THE WELL EXPERIENCE STORES -- AGAIN, JUST  
03:26PM 25 TO REMIND EVERYONE, THE PURPOSE OF THE WELL EXPERIENCE STORES

03:27PM 1 IS TO MAKE THE PHARMACIST MORE ACCESSIBLE.

03:27PM 2 SO WHEN YOU WALK IN, A PATIENT WALKS IN AND HAS A  
03:27PM 3 QUESTION, THEY ARE ACCESSIBLE.

03:27PM 4 AND AT THE SAME TIME, ONE OF THE THINGS THAT THAT PATIENT  
03:27PM 5 HAS TOLD US IS THAT THEY WOULD -- THEY VALUE PRIVACY WHEN  
03:27PM 6 THEY'RE GETTING THE VACCINES OR ARE GETTING CONSULTED ON A  
03:27PM 7 MEDICATION.

03:27PM 8 SO EACH OF THE WELL EXPERIENCE STORES, EVERY SINGLE ONE OF  
03:27PM 9 THEM, HAD A CONSULTATION ROOM, AND THAT CONSULTATION ROOM WAS  
03:27PM 10 PRIMARILY FOR THE USE OF THE PHARMACIST TO HAVE ANY TYPE OF  
03:27PM 11 SERVICE OR CONSULTATION WITH THEIR PATIENTS.

03:27PM 12 IN THOSE STORES WHERE THERE WAS NO DEDICATED SPACE, YOU  
03:27PM 13 KNOW, WE STILL WANTED TO DO THERANOS SERVICES, THEY WOULD SHARE  
03:27PM 14 THE ROOM WITH THE PHARMACIST.

03:27PM 15 Q. RIGHT. SO THAT WOULDN'T BE LIKE A SEPARATE BUILD THAT  
03:27PM 16 WALGREENS WOULD HAVE TO PAY FOR TO BUILD A DEDICATED THERANOS  
03:27PM 17 SPACE WITHIN A WALGREENS STORE?

03:27PM 18 A. THAT'S RIGHT.

03:27PM 19 Q. OKAY. GOING DOWN THE PAGE, IF WE CAN GO TO THE NEXT PAGE,  
03:27PM 20 PAGE 7.

03:28PM 21 AT THE BOTTOM IT HAS THIS STD TESTING AGAIN?

03:28PM 22 A. YES.

03:28PM 23 Q. AND I DON'T KNOW IF I MENTIONED THIS, BUT STD IS SEXUALLY  
03:28PM 24 TRANSPORTED DISEASE?

03:28PM 25 A. THAT'S CORRECT.

03:28PM 1 Q. AND STI ARE SEXUALLY TRANSMITTED INFECTION?

03:28PM 2 A. THAT'S RIGHT.

03:28PM 3 Q. AND THOSE ARE INTERCHANGABLE?

03:28PM 4 A. INTERCHANGEABLE.

03:28PM 5 Q. UNDER STD TESTING, UNDER THE SECOND BULLET THAT SAYS PAT,

03:28PM 6 THAT'S REFERRING TO DR. CARROLL?

03:28PM 7 A. YES.

03:28PM 8 Q. "PAT NEEDS A POINT PERSON FROM THERANOS TO PROVIDE

03:28PM 9 EXPEDITED RESPONSE TO ISSUES. DANIEL YOUNG WAS ASSIGNED BY

03:28PM 10 SUNNY."

03:28PM 11 DO YOU SEE THAT?

03:28PM 12 A. I DO.

03:28PM 13 Q. IF YOU GO TO THE NEXT PAGE OF 1884, PAGE 8.

03:28PM 14 IT SAYS, "HCC IS ROLLING OUT STI PROTOCOL BASED EVALUATION

03:29PM 15 TESTING NATIONWIDE AND WILL USE THERANOS PANEL IN PHOENIX."

03:29PM 16 DO YOU SEE THAT?

03:29PM 17 A. YES, I DO.

03:29PM 18 Q. AND THEN GOING DOWN, I THINK WE TALKED ABOUT THIS BEFORE,

03:29PM 19 BUT "NURSES ARE ALREADY TRAINED ON VENOUS DRAWS AND COULD USE

03:29PM 20 PEDIATRIC TUBES WITH BUTTERFLY NEEDLES."

03:29PM 21 DO YOU SEE THAT?

03:29PM 22 A. YES, I DO.

03:29PM 23 Q. LET'S GO DOWN TO THE BOTTOM OF THE PAGE, AND THERE'S A

03:29PM 24 PLAN FOR FISCAL YEAR '15.

03:29PM 25 DO YOU SEE THAT?

03:29PM 1 A. YES, I DO.

03:29PM 2 Q. OKAY. IT SAYS, "NEXT MARKET IS NORTHERN CALIFORNIA (5  
03:29PM 3 STORES INITIALLY, THEN EXPAND FOR A TOTAL OF 40)"; RIGHT?

03:29PM 4 A. CORRECT.

03:29PM 5 Q. AND THEN ON THE PREVIOUS EXHIBIT, EXHIBIT 1851, WE HAD A  
03:29PM 6 CALIFORNIA NEXT STEPS ITEM WHERE THERE WERE GOING TO BE FIVE  
03:29PM 7 STORES IN THE BAY AREA LIVE BY SEPTEMBER 30TH, WITH A HOPE OR  
03:30PM 8 PLAN FOR 20 STORES BY DECEMBER 31ST OF 2014.

03:30PM 9 DO YOU REMEMBER THAT?

03:30PM 10 A. I DO. AND IT ALSO HIGHLIGHTS THE POINT THAT THESE NUMBERS  
03:30PM 11 CHANGED BASED ON WHAT WE WERE LEARNING, BASED ON WHAT WAS  
03:30PM 12 HAPPENING IN THE BUSINESS AND WHAT WE WERE LEARNING ON THE  
03:30PM 13 OPERATING MODEL.

03:30PM 14 SO WHETHER IT WAS 5 STORES, 20 STORES, 40 STORES, WE WERE  
03:30PM 15 MAKING DECISIONS AS WE WERE LEARNING MORE.

03:30PM 16 Q. RIGHT. AND IN THIS PARTICULAR EXAMPLE, IN THE PREVIOUS  
03:30PM 17 MINUTES FROM JULY 10TH, THE GOAL WAS TO HAVE AN EXPANSION OF 5  
03:30PM 18 STORES IN THE BAY AREA, AND THEN 20 STORES BY DECEMBER 31ST;  
03:30PM 19 RIGHT?

03:30PM 20 A. CORRECT.

03:30PM 21 Q. AND IN THE AUGUST 6TH PARTNERSHIP MEETING MINUTES, THAT  
03:30PM 22 GOAL CHANGED WHERE THERE WAS GOING TO BE 5 STORES INITIALLY AND  
03:30PM 23 THEN EXPAND TO 40 RATHER THAN 20; IS THAT RIGHT?

03:31PM 24 A. THAT'S RIGHT.

03:31PM 25 Q. AND SO IN THAT CASE, THERE WAS GOING TO BE AN INCREASE IN

03:31PM 1 THE NUMBER OF STORES, AT LEAST IN TERMS OF WHAT THE GOAL WAS;  
03:31PM 2 RIGHT?

03:31PM 3 A. THAT'S CORRECT. AGAIN, AS WE'RE LEARNING AND AS THE  
03:31PM 4 REQUIREMENTS CONTINUE TO CHANGE AND EVOLVE, WE MADE DECISIONS  
03:31PM 5 BASED ON THE NUMBER OF STORES WE NEED TO PLAN FOR.

03:31PM 6 Q. OKAY. BUT IN TERMS OF THE PLAN AND WHAT YOU'RE PLANNING  
03:31PM 7 FOR, IN THE CASE OF CALIFORNIA STORES GOING FROM 20 TO 40,  
03:31PM 8 THAT'S AN EXPANSION, NOT A CONTRACTION; RIGHT?

03:31PM 9 A. THAT'S CORRECT.

03:31PM 10 Q. OKAY. AND THEN THE NEXT BULLET SAYS, "EXPANSION BEYOND  
03:31PM 11 THE 5 STORES WILL REQUIRE THERANOS DATA TO OBTAIN STORE  
03:31PM 12 SELECTION."

03:31PM 13 DO YOU SEE THAT?

03:31PM 14 A. I DO.

03:31PM 15 Q. AND WE TALKED ABOUT THAT BEFORE. THAT WOULD BE THERANOS  
03:31PM 16 INPUT ON WHAT TYPE OF STORES WOULD THEY THINK WOULD BE BEST FOR  
03:31PM 17 THEM TO MOVE INTO; RIGHT?

03:31PM 18 A. RIGHT. IT'S THE SELECTION CRITERIA THAT THERANOS WAS  
03:31PM 19 LOOKING FOR ON WHICH STORES ACTUALLY MEET THOSE CRITERIA.

03:31PM 20 Q. LET'S GO TO THE NEXT ITEM. AND JUST TO ORIENT YOU,  
03:31PM 21 MR. JHAVERI, IN THE EXHIBIT THAT WE LOOKED AT, WHICH WAS  
03:32PM 22 EXHIBIT 1861, FROM JULY 10TH OF 2014, THE DISCUSSION WAS ABOUT  
03:32PM 23 EXPANDING INTO -- OR EXPANDING IN CALIFORNIA, ARIZONA, AND THE  
03:32PM 24 TRI-STATE AREA.

03:32PM 25 DO YOU REMEMBER THAT?

03:32PM 1 A. I DO.

03:32PM 2 Q. AND IN THIS NEXT SECTION, NOW THERE'S THOSE MARKETS AND

03:32PM 3 OTHER ADDITIONAL MARKETS THAT ARE LISTED IN TERMS OF

03:32PM 4 PRIORITIES.

03:32PM 5 DO YOU SEE THAT?

03:32PM 6 A. I DO.

03:32PM 7 Q. AND SO THE FIRST PRIORITY IS THE SAME, THE FIRST THREE AT

03:32PM 8 LEAST OF THESE BULLETS ARE THE SAME AREAS THAT WERE DISCUSSED

03:32PM 9 IN THE PREVIOUS MONTH'S MINUTES, CALIFORNIA, ARIZONA, AND THE

03:32PM 10 TRI-STATE AREA; IS THAT RIGHT?

03:32PM 11 A. THAT IS RIGHT.

03:32PM 12 Q. AND THE TRI-STATE AREA IS NEW YORK, NEW JERSEY, AND

03:32PM 13 CONNECTICUT?

03:32PM 14 A. THAT'S RIGHT.

03:32PM 15 Q. AND IN THOSE AREAS, DO YOU SEE AFTER THE WORD "CALIFORNIA"

03:32PM 16 THERE'S THE WORD "BLUE"?

03:32PM 17 A. YES.

03:32PM 18 Q. AND WHAT DOES THAT REFER TO?

03:32PM 19 A. I DON'T KNOW.

03:32PM 20 Q. IS THAT RED STATES, BLUE STATES, LIKE POLITICS?

03:33PM 21 A. I COULDN'T TELL YOU. I DON'T REMEMBER.

03:33PM 22 Q. AND THEN IT HAS APPROXIMATELY 90. IS THAT WHAT THAT

03:33PM 23 MEANS?

03:33PM 24 A. THAT'S RIGHT.

03:33PM 25 Q. AND THE PRIORITY ONE EXPANSION PLAN WOULD BE APPROXIMATELY

03:33PM 1 90 STORES IN CALIFORNIA?

03:33PM 2 A. THAT IS RIGHT. THAT IS WHAT THE ESTIMATE COULD BE.

03:33PM 3 Q. AND THAT IS WHAT WAS DISCUSSED AT THE MEETING?

03:33PM 4 A. THAT'S RIGHT.

03:33PM 5 Q. AND THEN FOR ARIZONA, IT IS APPROXIMATELY 20?

03:33PM 6 A. CORRECT.

03:33PM 7 Q. AND THEN FOR THE TRI-STATE AREA, NEW YORK, NEW JERSEY,  
03:33PM 8 CONNECTICUT, THEY'RE BLUE, I GUESS, BUT THERE ARE APPROXIMATELY  
03:33PM 9 90?

03:33PM 10 A. THAT'S RIGHT.

03:33PM 11 Q. AND APPARENTLY THOSE STATES HAVE THE TOUGHEST AUDITS  
03:33PM 12 ACCORDING TO WHAT WAS DISCUSSED AT THIS MEETING; RIGHT?

03:33PM 13 A. YEAH, AND I THINK THAT'S A CRITICAL POINT WHY WE HAD TO  
03:33PM 14 PLAN FORWARD.

03:33PM 15 SO I TALKED ABOUT ALL OF THE OPERATIONAL THINGS IN THE  
03:33PM 16 CONSTRUCTION AND THE PLANNING OF EMPLOYEES AND TRAINING OF  
03:33PM 17 EMPLOYEES.

03:34PM 18 THE OTHER PART OF THIS IS MAKING SURE THAT WE ARE WITHIN  
03:34PM 19 THE GUIDELINES OF THE REGULATORY ENVIRONMENT FOR THAT STATE,  
03:34PM 20 AND SO THERE MIGHT BE INSTANCES WHERE WE HAVE TO ASK FOR  
03:34PM 21 WAIVERS OR CLEARANCE, OR APPROVALS FROM THE BODIES IN THAT  
03:34PM 22 PARTICULAR STATES, WHICH IS ONE OF THE BIG REASONS WHY WE HAVE  
03:34PM 23 TO PLAN FORWARD.

03:34PM 24 AGAIN, I KNOW I SOUND REPETITIVE, BUT YOU CAN'T WAKE UP IN  
03:34PM 25 THE MORNING AND SAY I'M GOING TO OPEN UP 50 STORES TODAY.

03:34PM 1 IT TAKES MONTHS, POTENTIALLY YEARS DEPENDING ON THE STATE.  
03:34PM 2 NEW YORK WAS THE ONE OF THE TOUGHEST STATES IN TERMS OF  
03:34PM 3 REGULATORY ENVIRONMENT. CALIFORNIA FOLLOWED VERY QUICKLY RIGHT  
03:34PM 4 BEHIND IT IN TERMS OF OPENING A THERANOS SERVICES LAB INSIDE OF  
03:34PM 5 A WALGREENS STORE.

03:34PM 6 SO THAT'S WHAT WE'RE TALKING ABOUT HERE IS WHILE  
03:34PM 7 CALIFORNIA, 90 STORES, WE'RE HIGHLIGHTING IT HAS SOME OF THE  
03:34PM 8 TOUGHEST REGULATIONS. HOW DO WE PLAN FOR IT? WHAT DO WE NEED  
03:34PM 9 TO DO TO ACTUALLY MAKE THAT FEASIBLE FOR US?

03:34PM 10 Q. AND THAT WAS THE POINT OF THIS DISCUSSION, TO TALK ABOUT  
03:34PM 11 ALL OF THE LOGISTICS THAT WOULD GO INTO OPENING THAT NUMBER OF  
03:35PM 12 STORES; RIGHT?

03:35PM 13 A. THAT'S RIGHT.

03:35PM 14 Q. AND FOR CALIFORNIA, APPROXIMATELY 90; ARIZONA,  
03:35PM 15 APPROXIMATELY 20; AND THE TRI-STATE AREA, APPROXIMATELY 90, IF  
03:35PM 16 MY MATH IS RIGHT, 90 PLUS 90 PLUS 20 IS 200; RIGHT?

03:35PM 17 A. THAT'S CORRECT.

03:35PM 18 Q. OKAY. NOW, THE NEXT ITEM IS WYOMING?

03:35PM 19 A. YES.

03:35PM 20 Q. AND THERE'S A QUESTION MARK THERE.

03:35PM 21 A. CORRECT. WE WERE DISCUSSING, AND I DON'T REMEMBER  
03:35PM 22 EXACTLY, BUT I KNOW THE THERANOS TEAM WAS LOOKING AT WYOMING  
03:35PM 23 FOR SEVERAL REASONS, AND SO WE HAD PUT THAT DOWN AS A STATE  
03:35PM 24 THAT WE SHOULD BE DISCUSSING, THINKING ABOUT IS THIS SOMETHING  
03:35PM 25 THAT IS FEASIBLE FOR US.



03:35PM 1 Q. OKAY. AND THEN GOING TO THE NEXT GROUP, PRIORITY 2, WHICH  
03:35PM 2 IS ON THE TOP OF PAGE 9, IN ADDITION TO THE APPROXIMATELY 200  
03:35PM 3 THAT WERE BEING DISCUSSED IN THE AREAS IN PRIORITY 1, NOW WE'VE  
03:35PM 4 GOT ADDITIONAL PRIORITY 2 AREAS; RIGHT?

03:35PM 5 A. CORRECT.

03:36PM 6 Q. AND THOSE ARE NOT ONES THAT WERE MENTIONED IN THE PREVIOUS  
03:36PM 7 MONTH'S PARTNERSHIP MEETING; RIGHT?

03:36PM 8 A. THAT'S RIGHT. AGAIN, THIS PRIORITY 1, 2, AND 3. AS YOU  
03:36PM 9 CAN TELL, WE'RE RESETTING THE NUMBERS.

03:36PM 10 FISCAL YEAR '15, IF I REMEMBER CORRECTLY, INITIALLY WE HAD  
03:36PM 11 500 STORES THAT WE HAD PLANNED FOR, AND BASED ON WHAT WE WERE  
03:36PM 12 LEARNING IN THE PILOT AND WHAT WE WERE SEEING, WE HAD MOVED  
03:36PM 13 THAT NUMBER DOWN TO ABOUT 200 FOR FISCAL YEAR '15, ALONG WITH  
03:36PM 14 THE WELL EXPERIENCE STORES THAT WE WERE BUILDING.

03:36PM 15 SO WHAT WE WERE TRYING TO DO HERE IS TO UNDERSTAND WHAT  
03:36PM 16 ARE OUR PRIORITIES GOING FORWARD FOR FISCAL YEAR '15, AND  
03:36PM 17 THAT'S WHAT THIS IS LOOKING LIKE.

03:36PM 18 Q. OKAY. BUT JUST TO MAKE SURE THAT I GET MY QUESTION  
03:36PM 19 ANSWERED --

03:36PM 20 A. YES.

03:36PM 21 Q. -- THERE WERE APPROXIMATELY 200 STORES IN CALIFORNIA,  
03:36PM 22 ARIZONA, AND THE TRI-STATE AREA THAT WERE UNDER DISCUSSION AT  
03:36PM 23 THIS MEETING; CORRECT?

03:36PM 24 A. CORRECT, ROUND HIGH LEVEL NUMBERS.

03:37PM 25 Q. AND WYOMING WAS A QUESTION MARK; RIGHT?

03:37PM 1 A. CORRECT.

03:37PM 2 Q. AND THERE WERE ADDITIONAL AREAS THAT WERE DISCUSSED AS

03:37PM 3 PRIORITY 2 AREAS FOR PLAN FOR FISCAL YEAR '15; CORRECT?

03:37PM 4 A. YES.

03:37PM 5 Q. AND THOSE WERE ILLINOIS, TEXAS, AND FLORIDA?

03:37PM 6 A. THAT'S RIGHT.

03:37PM 7 Q. AND THOSE ARE THREE VERY BIG STATES; RIGHT?

03:37PM 8 A. THEY ARE.

03:37PM 9 Q. FOR EXAMPLE, MUCH BIGGER THAN WYOMING?

03:37PM 10 A. IT DEPENDS ON HOW YOU SAY IT'S BIG.

03:37PM 11 Q. WELL, IN POPULATION?

03:37PM 12 A. YES.

03:37PM 13 Q. AND THE ILLINOIS, TEXAS, AND FLORIDA, THAT WAS NOT

03:37PM 14 SOMETHING THAT WAS DISCUSSED IN THE PREVIOUS MONTH'S

03:37PM 15 PARTNERSHIP MEETING?

03:37PM 16 A. I DON'T RECALL. I'D HAVE TO LOOK.

03:37PM 17 Q. WELL, LET'S TAKE A LOOK AT EXHIBIT 1861, WHICH WAS THE

03:37PM 18 PREVIOUS MONTH, AND IF YOU LOOK AT PAGE 7 OF THAT EXHIBIT, DO

03:37PM 19 YOU SEE ANY MENTION THEREOF ILLINOIS, TEXAS, AND FLORIDA?

03:38PM 20 A. NO, I DO NOT.

03:38PM 21 Q. SO ILLINOIS, TEXAS, AND FLORIDA WERE ADDITIONAL AREAS

03:38PM 22 DISCUSSED IN THE AUGUST 2014 MEETING THAT WERE NOT DISCUSSED IN

03:38PM 23 THE JULY MEETING; CORRECT?

03:38PM 24 A. CORRECT.

03:38PM 25 Q. AND THEN IF YOU GO ON, THERE'S EVEN MORE. THERE'S

03:38PM 1 PRIORITY 3; RIGHT? THAT'S INDIANA, NEW MEXICO, AND

03:38PM 2 MISSISSIPPI; IS THAT RIGHT?

03:38PM 3 A. THAT'S RIGHT.

03:38PM 4 Q. AND EXCLUDED PENNSYLVANIA; IS THAT RIGHT?

03:38PM 5 A. I DO.

03:38PM 6 Q. AND THAT'S BECAUSE WALGREENS DIDN'T HAVE AN EXCLUSIVE

03:38PM 7 AGREEMENT WITH THERANOS IN PENNSYLVANIA?

03:38PM 8 A. I DON'T RECALL ON WHAT THE ISSUE WAS WITH PENNSYLVANIA TO

03:38PM 9 BE QUITE HONEST.

03:38PM 10 Q. OKAY. AFTER THOSE PRIORITIES ARE DISCUSSED AS A PLAN FOR

03:38PM 11 FISCAL YEAR '15, THERE'S AN ADDITIONAL BULLET THAT SAYS, "PLAN

03:39PM 12 FOR FISCAL YEAR '15 IS TO FOLLOW THE WELL EXPERIENCE ROLLOUT AS

03:39PM 13 MUCH AS POSSIBLE."

03:39PM 14 DO YOU SEE THAT?

03:39PM 15 A. YES.

03:39PM 16 Q. AND WE'VE SEEN THAT BEFORE, THAT CONCEPT; RIGHT?

03:39PM 17 A. CORRECT.

03:39PM 18 Q. AND THE NEXT BULLET UNDER THAT IS "KEEPS BUILD-OUT COSTS

03:39PM 19 LOW"; RIGHT?

03:39PM 20 A. YES.

03:39PM 21 Q. AND THAT'S BECAUSE IF YOU WERE BUILDING A WELL EXPERIENCE

03:39PM 22 CONSTRUCTION PROJECT ANYWAY THAT WOULD HAVE A CONSULTATION

03:39PM 23 ROOM, YOU WOULDN'T HAVE TO THEN SPEND EVEN MORE TIME AND MONEY

03:39PM 24 BUILDING A DEDICATED THERANOS SPACE; RIGHT?

03:39PM 25 A. CORRECT. IT'S LIKE BUILDING YOUR HOME, RIGHT, IF YOU

03:39PM 1 BUILD ALL THREE FLOORS AND NOW YOU WANT TO ADD ANOTHER FLOOR IN  
03:39PM 2 THE MIDDLE OF THAT, IT COSTS A LOT OF MONEY.  
03:39PM 3 Q. AND IT MINIMIZES DISRUPTION TO THE STORE?  
03:39PM 4 A. THAT'S RIGHT.  
03:39PM 5 Q. AND THERE ARE SOME SAFETY CONCERNS ASSOCIATED WITH  
03:39PM 6 CONSTRUCTION; RIGHT?  
03:39PM 7 A. THAT'S RIGHT. THAT'S RIGHT.  
03:39PM 8 Q. AND THEN BELOW THAT IT SAYS, "W.E., OR WELL EXPERIENCE  
03:39PM 9 PERSONNEL, ARE OFTEN A GOOD FIT FOR THERANOS SERVICES"; RIGHT?  
03:40PM 10 A. THAT'S CORRECT.  
03:40PM 11 Q. AND THEN IT SAYS INITIAL GOAL FOR FISCAL YEAR '15  
03:40PM 12 SEPTEMBER/AUGUST WAS 500 STORES.  
03:40PM 13 WE SAW THAT IN A PREVIOUS EXHIBIT; RIGHT?  
03:40PM 14 A. THAT'S RIGHT.  
03:40PM 15 Q. AND THEN IT SAYS, "NEED TO REDEFINE THIS GOAL"; RIGHT?  
03:40PM 16 A. CORRECT.  
03:40PM 17 Q. AND THAT'S WHAT THIS DISCUSSION IS ABOUT, REDEFINING THE  
03:40PM 18 GOAL THAT HAD BEEN 500 STORES IN 2015, AND NOW IT'S REDEFINING  
03:40PM 19 THAT TO SOMETHING DIFFERENT; RIGHT?  
03:40PM 20 A. CORRECT. IF YOU LOOK AT THE CHART --  
03:40PM 21 Q. WE'LL LOOK AT THE CHART. LET'S GO THROUGH THIS STEP BY  
03:40PM 22 STEP.  
03:40PM 23 A. I JUST WANT TO BE CLEAR. SO THE 500 STORES WAS THE  
03:40PM 24 INITIAL GOAL. WE'RE NOW REDEFINING THAT GOAL TO A STORE NUMBER  
03:40PM 25 THAT IS LESS THAN THAT BASED ON WHAT WE'RE SEEING IN THE --

03:40PM 1 Q. AGAIN, I'LL GET TO THE CHART. BUT I JUST WANT TO HAVE MY  
03:40PM 2 QUESTIONS ANSWERED.

03:40PM 3 A. UNDERSTOOD.

03:40PM 4 THE COURT: LET HIM FINISH HIS ANSWER.

03:40PM 5 THE WITNESS: SO WHAT I WAS --

03:40PM 6 BY MR. COOPERSMITH:

03:40PM 7 Q. WELL, THERE'S NO QUESTION PENDING. LET ME ASK A QUESTION,  
03:40PM 8 OKAY?

03:40PM 9 A. OKAY.

03:40PM 10 Q. "THE INITIAL GOAL FOR FISCAL YEAR '15, SEPTEMBER TO  
03:40PM 11 AUGUST, WAS 500 STORES. NEED TO REDEFINE THIS GOAL."

03:41PM 12 DO YOU SEE THAT?

03:41PM 13 A. I DO.

03:41PM 14 Q. AND SO MY ONLY QUESTION RIGHT NOW IS, THE DISCUSSION AT  
03:41PM 15 THIS MEETING, THIS IS THE AUGUST 2014 MEETING, IS THAT THE GOAL  
03:41PM 16 FOR FISCAL YEAR '15 HAD BEEN 500 STORES; RIGHT? AND WE SAW  
03:41PM 17 THAT IN A PREVIOUS EXHIBIT?

03:41PM 18 A. THAT'S CORRECT.

03:41PM 19 Q. AND NOW THERE WAS A DISCUSSION ABOUT THE NEED TO REDEFINE  
03:41PM 20 THAT GOAL; CORRECT?

03:41PM 21 A. THAT'S RIGHT.

03:41PM 22 Q. AND IT WAS TO REDEFINE THAT GOAL TO SOMETHING DIFFERENT,  
03:41PM 23 SOMETHING DIFFERENT THAN 500 STORES; RIGHT?

03:41PM 24 A. THAT'S CORRECT.

03:41PM 25 Q. OKAY. AND THE NEXT BULLET POINT RIGHT AFTER THAT, IT

03:41PM 1 SAYS, "NATIONWIDE EQUALS 2,000 TO 2,500 STORES AND 25 TO 30  
03:41PM 2 MSA'S."

03:41PM 3 DO YOU SEE THAT?

03:41PM 4 A. YES.

03:41PM 5 Q. AND MSA IS METROPOLITAN STATISTICAL AREA; IS THAT RIGHT?

03:41PM 6 A. THAT'S RIGHT.

03:41PM 7 Q. AND, FOR EXAMPLE, THE BAY AREA MIGHT BE AN MSA?

03:42PM 8 A. THAT'S RIGHT.

03:42PM 9 Q. OR THE HOUSTON, TEXAS AREA MIGHT BE AN MSA, FOR EXAMPLE?

03:42PM 10 A. THAT'S CORRECT.

03:42PM 11 Q. OKAY. SO IT GOES FURTHER, AND THE NEXT BULLET IS,

03:42PM 12 "ASSUMES LAUNCH IN PARALLEL MARKETS."

03:42PM 13 DO YOU SEE THAT?

03:42PM 14 A. I DO.

03:42PM 15 Q. AND THAT TO GET TO THE GOAL, THE PARALLEL MARKETS WOULD BE  
03:42PM 16 THE MARKETS THAT WE WERE JUST DISCUSSING, CALIFORNIA, NEW YORK,  
03:42PM 17 ARIZONA, POSSIBLY ILLINOIS, TEXAS, AND FLORIDA AND SO FORTH; IS  
03:42PM 18 THAT RIGHT?

03:42PM 19 A. THAT'S RIGHT.

03:42PM 20 Q. AND IN ORDER TO EXECUTE THE GOAL, WHATEVER IT WAS, THERE  
03:42PM 21 WOULD HAVE TO BE EXECUTION OF THE LAUNCH IN MULTIPLE MARKETS AT  
03:42PM 22 THE SAME TIME; RIGHT?

03:42PM 23 A. RIGHT. WHATEVER THE NUMBER IS, IF WE'RE GOING TO HIT THAT  
03:42PM 24 NUMBER BY THE SET DATE, WE COULDN'T DO ONE AFTER THE OTHER. WE  
03:42PM 25 WOULD HAVE TO DO IT IN A CONCURRENT FASHION TO BE ABLE TO HIT

03:42PM 1 THAT GOAL.

03:42PM 2 Q. AND THAT'S WHAT THE DISCUSSION WAS AT THIS MEETING, RIGHT,  
03:42PM 3 TO ASSUME THAT THERE WOULD BE THE ABILITY AND THE EXECUTION OF  
03:42PM 4 A LAUNCH IN PARALLEL MARKETS; RIGHT?

03:42PM 5 A. CORRECT.

03:42PM 6 Q. MEANING MULTIPLE MARKETS AT THE SAME TIME?

03:43PM 7 A. THAT'S RIGHT.

03:43PM 8 Q. OKAY. AND THEN IT SAYS, "NEED TO FIGURE OUT LAUNCH IN A  
03:43PM 9 BOX CONCEPT."

03:43PM 10 DO YOU SEE THAT?

03:43PM 11 A. YES.

03:43PM 12 Q. AND LAUNCH IN A BOX MEANS A SET OF ALREADY PREPARED PLAN  
03:43PM 13 AND METHOD TO QUICKLY IMPLEMENT THE LAUNCH OF A THERANOS STORE  
03:43PM 14 IN ANY WALGREENS STORE THAT THE GROUP DECIDED WOULD BE  
03:43PM 15 APPROPRIATE; RIGHT?

03:43PM 16 A. YEAH. LET ME EXPLAIN THIS A LITTLE BIT BECAUSE IT'S AN  
03:43PM 17 IMPORTANT POINT.

03:43PM 18 AS WE WERE GOING THROUGH THE PILOT, THE DESIGN CHANGED,  
03:43PM 19 AND THE MODEL CHANGED BECAUSE IT EVOLVED BASED ON OUR  
03:43PM 20 LEARNINGS.

03:43PM 21 AND IN ORDER FOR US TO LAUNCH AND SCALE AT PACE, AT SPEED,  
03:43PM 22 YOU HAVE TO HAVE SOMETHING THAT IS, AS WE CALLED IT, LAUNCH IN  
03:43PM 23 A BOX, VERY QUICKLY YOU CAN REPLICATE IT OVER AND OVER AND  
03:43PM 24 OVER.

03:43PM 25 AND SO WE HAD NOT YET FIGURED OUT WHAT THAT LAUNCH IN A

03:43PM 1 BOX WAS, AND SO IN ORDER FOR US TO START SCALING TO MULTIPLE  
03:43PM 2 MARKETS, TO MULTIPLE STORES, TO MULTIPLE AREAS, WE HAD TO HAVE  
03:44PM 3 THIS DONE, AND THAT'S WHAT I'M REFERRING TO HERE.

03:44PM 4 Q. RIGHT. SO, IN OTHER WORDS, IF I BAKE A CAKE AND I, LIKE,  
03:44PM 5 KIND OF DO IT JUST BY EAR AND I'M PUTTING INGREDIENTS IN AND I  
03:44PM 6 DON'T KNOW EXACTLY WHAT PROPORTIONS AND I'M TRYING TO FIGURE IT  
03:44PM 7 OUT, IT MIGHT TASTE REALLY BAD; RIGHT?

03:44PM 8 A. IT COULD.

03:44PM 9 Q. BUT IF I ENDED UP HAVING A CAKE THAT TASTED GOOD AND I  
03:44PM 10 WROTE DOWN EXACTLY WHAT I DID, NOW I WOULD HAVE A RECIPE;  
03:44PM 11 RIGHT?

03:44PM 12 A. THAT'S RIGHT.

03:44PM 13 Q. AND THAT'S KIND OF WHAT LAUNCH IN A BOX IS; CORRECT?

03:44PM 14 A. THAT'S RIGHT.

03:44PM 15 Q. AND SO THAT WOULD BE NECESSARY TO SCALE AND TO GROW THE  
03:44PM 16 PROGRAM IS TO HAVE SOME READY MADE PLAN THAT YOU COULD QUICKLY  
03:44PM 17 IMPLEMENT TO OPEN ANY PARTICULAR NEW STORE; RIGHT?

03:44PM 18 A. CORRECT. AND IT, IT -- THAT LAUNCH IN A BOX ALSO HIT ON  
03:44PM 19 ALL OF THE, YOU KNOW, THE TIMELINE, THE COST, THE READINESS.  
03:44PM 20 ALL OF THOSE THINGS HAD TO BE COMPLETED BEFORE WE CAN DO THAT.

03:44PM 21 WALGREENS AT OUR HEIGHT, WE'RE OPENING A STORE EVERY  
03:45PM 22 17 HOURS. AND THE REASON THAT WE WERE ABLE TO DO THAT WAS  
03:45PM 23 BECAUSE WE HAD A SET DESIGN, A CRITERIA, COST STRUCTURE, PLAN  
03:45PM 24 TO ACTUALLY EXECUTE THIS, AND THAT'S WHAT WE NEEDED TO DO FOR  
03:45PM 25 THIS PARTICULAR SERVICE AS WELL.



03:45PM 1 Q. OKAY. UNDERSTOOD.

03:45PM 2 AND THEN IF YOU GO TO THE NEXT BULLET, IT SAYS, "PLAN TO

03:45PM 3 BE IN EVERY HCC," OR HEALTH CARE CLINIC, "LOCATION."

03:45PM 4 A. THAT'S CORRECT.

03:45PM 5 Q. AND EVERY LOCATION AT THE TIME WAS AROUND 400; RIGHT?

03:45PM 6 A. YEAH, IT WAS APPROXIMATELY 400 STORES.

03:45PM 7 Q. AND IT ACTUALLY HAS A NUMBER BELOW THAT? IF YOU LOOK AT

03:45PM 8 THE CHART, IT SAYS STD PROGRAM AT HCC, IT SAYS 430 EXISTING;

03:45PM 9 RIGHT?

03:45PM 10 A. THAT'S CORRECT.

03:45PM 11 Q. AND WITH 50 NEW HCC'S PLANNED IN 2015?

03:45PM 12 A. THAT'S CORRECT.

03:45PM 13 Q. AND SO IF THERANOS WAS IN EVERY HCC LOCATION, THAT WOULD

03:45PM 14 BE 480 STORES?

03:45PM 15 A. CORRECT.

03:45PM 16 Q. OKAY. AND THEN YOU HAVE THE CHART; RIGHT?

03:45PM 17 A. SIR, IF I COULD CLARIFY? IT'S THE STD PROGRAM THAT WOULD

03:46PM 18 BE IN EVERY HCC. IT'S NOT THE FULL SUITE OF THERANOS SERVICES.

03:46PM 19 THIS WOULD BE THE STD PROGRAM THAT WOULD BE IN HEALTH CARE

03:46PM 20 CLINICS.

03:46PM 21 THE ACTUAL THERANOS CLINICS WOULD BE THE LINE ABOVE THAT.

03:46PM 22 Q. OKAY. LET'S JUST TALK ABOUT THE BULLET POINTS THEN THAT

03:46PM 23 WE JUST WENT THROUGH.

03:46PM 24 SO THE INITIAL GOAL FOR FISCAL YEAR '15, SEPTEMBER-AUGUST,

03:46PM 25 WAS 500 STORES. NEED TO REDEFINE THIS GOAL; RIGHT?

03:46PM 1 AND THAT'S REFERRING TO THE THERANOS STORES, THAT WOULD  
03:46PM 2 BE -- IN OTHER WORDS, THE WALGREENS STORES WOULD HAVE THERANOS  
03:46PM 3 BLOOD COLLECTION SERVICES IN THEM; RIGHT?

03:46PM 4 A. CORRECT. WHAT WE'RE REFERRING TO, THE 500 STORES, WAS THE  
03:46PM 5 FULL SUITE OF SERVICES THAT WE CAN OFFER WITH THE THERANOS  
03:46PM 6 SERVICES.

03:46PM 7 Q. OKAY. IN OTHER WORDS, THERANOS BLOOD COLLECTION?

03:46PM 8 A. CORRECT.

03:46PM 9 Q. AND WE TALKED ABOUT IN THE PRIOR MONTH IT HAD BEEN 500  
03:47PM 10 STORES; RIGHT? BUT THE REDEFINING OF THE GOAL IS TO REDEFINE  
03:47PM 11 THE GOAL FOR HOW MANY OF THESE THERANOS BLOOD COLLECTION SITES  
03:47PM 12 THERE WOULD BE IN WALGREENS STORES; RIGHT?

03:47PM 13 A. THAT'S RIGHT.

03:47PM 14 Q. IT'S NOT TO TALK ABOUT THE OTHER WALGREENS PROGRAMS, IT'S  
03:47PM 15 ABOUT REDEFINING THE GOAL FOR THERANOS; RIGHT?

03:47PM 16 A. FOR THE THERANOS LOCATIONS, SIMILAR TO THE 40 STORES THAT  
03:47PM 17 WE ALREADY HAD IN OPERATION.

03:47PM 18 Q. RIGHT.

03:47PM 19 A. SO WHAT WE WERE LOOKING AT IS WE WERE PLANNING FOR 500 OF  
03:47PM 20 THOSE STORES, AND WHAT THE STATEMENT IS, IS THAT WE NEED TO  
03:47PM 21 REDEFINE THAT GOAL FOR THOSE TYPES OF STORES, AND THAT'S WHAT  
03:47PM 22 I'M REFERRING TO HERE.

03:47PM 23 DOES THAT CLARIFY?

03:47PM 24 Q. WERE THE 40 STORES GOLD STORES?

03:47PM 25 A. I DON'T REMEMBER ALL OF THEM, HOW THEY WERE.

03:47PM 1 Q. BUT THEY WERE ALL BUILT OUT LIKE DEDICATED THERANOS  
03:47PM 2 SPACES; RIGHT?

03:47PM 3 A. I BELIEVE SO.

03:47PM 4 Q. OKAY. SO THE 500 WAS TO BUILD THESE DEDICATED THERANOS  
03:47PM 5 SPACES; RIGHT?

03:47PM 6 A. 500 STORES WAS TO -- I DON'T KNOW IF THIS WAS REFERRING TO  
03:48PM 7 DEDICATED STORES, BUT IT WAS 500 THERANOS LOCATIONS.

03:48PM 8 Q. OKAY. BUT IN ANY EVENT, THIS SET OF BULLET POINTS THAT  
03:48PM 9 WE'RE LOOKING AT WITH THE INITIAL GOAL AND THE REDEFINING OF  
03:48PM 10 THE GOALS, THIS HAS TO DO WITH THERANOS IN PARTICULAR; RIGHT?

03:48PM 11 A. IT HAS TO DO WITH THE THERANOS SERVICES THAT WE ARE  
03:48PM 12 PUTTING INTO A WALGREENS STORE.

03:48PM 13 Q. OKAY.

03:48PM 14 A. RIGHT.

03:48PM 15 Q. AND THEN THE SUBBULLETS BELOW THAT INITIAL GOAL BULLET,  
03:48PM 16 THOSE ALSO ARE DIFFERENT BULLET POINTS THAT RELATE TO THIS  
03:48PM 17 THERANOS PROGRAM; CORRECT?

03:48PM 18 A. THAT'S RIGHT.

03:48PM 19 Q. OKAY. SO THE BULLET POINT THAT SAID, "PLAN TO BE IN EVERY  
03:48PM 20 HCC LOCATION," THAT'S REFERRING TO THE THERANOS PROGRAM?

03:48PM 21 A. IT IS. BUT WHAT WE ACTUALLY PLANNED FOR IS THE STD  
03:48PM 22 PROGRAM TO BE IN THE HEALTH CARE CLINICS.

03:48PM 23 Q. IF THERANOS WAS IN EVERY HCC LOCATION, IF THAT'S THE PLAN  
03:48PM 24 THAT IS BEING DISCUSSED, IF THAT WAS CARRIED OUT, THAT WOULD BE  
03:48PM 25 480 STORES IN 2015; CORRECT?

03:48PM 1 A. FOR THE FULL SERVICES; CORRECT.

03:49PM 2 Q. OKAY. AND THEN THERE IS WELL EXPERIENCE IN THE CHART.

03:49PM 3 THAT'S 2,000 STORES; RIGHT?

03:49PM 4 A. THAT'S CORRECT.

03:49PM 5 Q. AND IF THOSE STORES HAD A SHARED SPACE WITH THE WELL

03:49PM 6 EXPERIENCE AND THE THERANOS PROJECT, THOSE COULD BE ADDITIONAL

03:49PM 7 PLACES WHERE THERANOS BLOOD SAMPLES WERE COLLECTED; RIGHT?

03:49PM 8 A. IT COULD BE.

03:49PM 9 BUT I WANT TO BE VERY CLEAR ABOUT WHAT THIS CHART IS

03:49PM 10 SHOWING.

03:49PM 11 IN FISCAL 2015, WE WERE PLANNING TO LAUNCH 2,000 WELL

03:49PM 12 EXPERIENCE STORES, NOT THERANOS, NOT OTHER SERVICES, JUST THE

03:49PM 13 WELL EXPERIENCE REMODEL.

03:49PM 14 WE WERE NOW PLANNING TO LAUNCH THERANOS FULLY SERVICES,

03:49PM 15 THE PATIENT SERVICES THAT WE TALKED ABOUT, OF 200. WE WERE

03:49PM 16 HOPING THAT THOSE 200 OVERLAPPED WITH THE 2,000 SO WE'D HAVE

03:49PM 17 ONE CONSTRUCTION PROGRAM.

03:49PM 18 IN ADDITION TO THAT, WE ALSO WANTED TO LAUNCH THE STD

03:49PM 19 PROGRAM IN ALL OF THE HEALTH CARE CLINICS, WHICH IN THIS CASE

03:50PM 20 430 EXISTING, PLUS 50 NEW. THAT WAS THE PLAN FOR 2015 THAT WE

03:50PM 21 WERE LOOKING TO DO.

03:50PM 22 Q. OKAY. DO YOU SEE HOW BELOW THE CHART IT SAYS NEXT STEPS?

03:50PM 23 A. YES.

03:50PM 24 Q. AND IT SAYS "CRITERIA ALIGNMENT, EG CLINIC, W.E.," ET

03:50PM 25 CETERA; RIGHT?

03:50PM 1 A. YES.

03:50PM 2 Q. AND THAT'S REFERRING TO THE HEALTH CARE CLINIC AND THE

03:50PM 3 WELL EXPERIENCE STORES; RIGHT?

03:50PM 4 A. YES.

03:50PM 5 Q. "GET A LIST OF 2,000 STORES WITH PHR'S."

03:50PM 6 DO YOU SEE THAT?

03:50PM 7 A. YES.

03:50PM 8 Q. AND IS THAT PRIVATE HEALTH ROOMS?

03:50PM 9 A. IT IS.

03:50PM 10 Q. SO ONE OF THE NEXT STEPS WAS TO HAVE A LIST OF ALL 2,000

03:50PM 11 WELL EXPERIENCE STORES THAT HAD PRIVATE HEALTH ROOMS; RIGHT?

03:50PM 12 A. THAT'S RIGHT.

03:50PM 13 Q. TO SEE ABOUT PUTTING THERANOS SERVICES IN THOSE?

03:50PM 14 A. CORRECT.

03:50PM 15 REMEMBER, AGAIN, WE WERE PLANNING TO OPEN UP 200 THERANOS

03:50PM 16 LOCATIONS AS WE INDICATED ON THE CHART.

03:50PM 17 WHAT WE WERE TRYING TO DO WAS TO SAY, GET A LIST OF THE

03:51PM 18 2,000 STORES WHERE WE CAN INCORPORATE THOSE 200 STORES INTO,

03:51PM 19 FOR VARIOUS REASONS, IT MET THE CRITERIA, IT HAS THE SPACE,

03:51PM 20 THAT'S THE LOCATIONS THAT WE WANT TO GO TO, WHATEVER THOSE

03:51PM 21 REASONS WERE, WE WERE -- THEN ONE OF THE NEXT STEPS WAS LET'S

03:51PM 22 GET THE LIST OF 2,000 STORES AND LET'S DETERMINE, BASED ON THE

03:51PM 23 CRITERIA, WHICH OF THOSE 2,000 STORES WOULD BE INCORPORATED

03:51PM 24 WITH THERANOS SERVICES.

03:51PM 25 Q. OKAY. LET'S GO DOWN TO THE NEXT ONE. THERE'S AN ACTION

03:51PM 1 ITEM, OR NEXT STEPS ITEM, "GET LIST OF W.E. STORES WITHIN THOSE  
03:51PM 2 STATES."

03:51PM 3 DO YOU SEE THAT?

03:51PM 4 A. YES.

03:51PM 5 Q. AND THAT'S THE WELL EXPERIENCE STORES; RIGHT?

03:51PM 6 A. CORRECT.

03:51PM 7 Q. AND LET'S GO TO THE KEY ANCHORS DISCUSSION SECTION, WHICH  
03:51PM 8 IS THE NEXT SECTION.

03:51PM 9 AND DO YOU SEE THERE'S A BULLET POINT THAT SAYS,  
03:51PM 10 "THERANOS, WELL EXPERIENCE, HSRX, AND CLINICS ARE," IT SAYS TO.  
03:51PM 11 WOULD THAT BE "TOP PRIORITIES"?

03:51PM 12 A. ARE PROBABLY TOP PRIORITIES, CORRECT?

03:52PM 13 Q. "ARE TOP PRIORITIES FOR THE COMPANY; 3 OUT OF THE 4 ARE  
03:52PM 14 REPRESENTED ON THE THERANOS INITIATIVE."

03:52PM 15 DO YOU SEE THAT?

03:52PM 16 A. YES.

03:52PM 17 Q. AND HSRX, IS THAT A MAIL ORDER PRESCRIPTION PROGRAM THAT  
03:52PM 18 WALGREENS HAD?

03:52PM 19 A. NO. IT'S JUST OUR HEALTH SYSTEMS PHARMACIES. SO WE HAD  
03:52PM 20 SEVERAL HUNDRED PHARMACIES THAT WERE LOCATED ON A HOSPITAL  
03:52PM 21 CAMPUS, SO WHEN A PATIENT LEAVES AFTER THEY RECEIVE A SERVICE  
03:52PM 22 AND THEY NEED A PRESCRIPTION FILLED, THEY CAN GO TO A WALGREENS  
03:52PM 23 STORE RIGHT ON CAMPUS.

03:52PM 24 Q. OKAY. AND THOSE WEREN'T RELATED TO THERANOS; RIGHT?

03:52PM 25 A. THEY WERE NOT.

03:52PM 1 Q. TOTALLY DIFFERENT PROGRAM?

03:52PM 2 A. THAT'S A TOTALLY DIFFERENT PROGRAM.

03:52PM 3 Q. OKAY. BUT THE THERANOS WELL EXPERIENCE IN CLINICS, WHEN

03:52PM 4 IT SAYS, "3 OUT OF 4 REPRESENTED ON THE THERANOS INITIATIVE,"

03:52PM 5 DO YOU SEE THAT?

03:52PM 6 A. YES.

03:52PM 7 Q. AND THE 3 OUT OF THE 4 ARE THERANOS, WELL EXPERIENCE, AND

03:52PM 8 CLINICS; RIGHT?

03:52PM 9 A. YES. WHAT WE WERE TRYING TO DO IS TO UNDERSTAND HOW ALL

03:52PM 10 THREE OF THEM OVERLAP, AND AS WE WERE TOUCHING THE STORES, THAT

03:53PM 11 WE CAN COMBINE SOME OF THESE EFFORTS.

03:53PM 12 Q. OKAY. I'M GOING TO COME BACK TO THIS EXHIBIT, BUT BEFORE

03:53PM 13 I DO, I JUST WANT TO SHOW YOU EXHIBIT 1891.

03:53PM 14 DO YOU SEE THIS IS AN EMAIL STRING BETWEEN YOU AND

03:53PM 15 MR. BALWANI ON AUGUST 12TH OF 2014?

03:53PM 16 A. YES.

03:53PM 17 Q. AND IT'S JUST THE TWO OF YOU ON THIS EMAIL EXCHANGE?

03:53PM 18 A. YES, IT IS.

03:53PM 19 Q. AND THIS RELATED TO THE STORE BUILD OUT ISSUE?

03:53PM 20 A. THAT'S CORRECT.

03:53PM 21 MR. COOPERSMITH: YOUR HONOR, WE OFFER 1891.

03:53PM 22 MR. SCHENK: NO OBJECTION.

03:53PM 23 THE COURT: IT'S ADMITTED. IT MAY BE PUBLISHED.

03:53PM 24 (GOVERNMENT'S EXHIBIT 1891 WAS RECEIVED IN EVIDENCE.)

03:53PM 25 BY MR. COOPERSMITH:

03:53PM 1 Q. AND IN 1891, MR. BALWANI WRITES ON AUGUST 12TH, "HEY NIM,  
03:54PM 2 "HOPE YOU ARE WELL.  
03:54PM 3 "CAN WE TOUCH BASE OVER THE NEXT FEW DAYS TO CHAT ABOUT  
03:54PM 4 OUR GOLD, SILVER, AND BRONZE STORE LAYOUTS AND DISTRIBUTION.  
03:54PM 5 AS YOU MAY KNOW (MAY NOT KNOW ALSO) THAT IN ARIZONA AND  
03:54PM 6 CALIFORNIA, AT LEAST 40 PERCENT OF THE STORES ARE TO BE GOLD  
03:54PM 7 (DEDICATED THERANOS ROOMS) SO WANT TO MAKE SURE WE ARE TRACKING  
03:54PM 8 THAT."  
03:54PM 9 DO YOU SEE THAT?  
03:54PM 10 A. YES.  
03:54PM 11 Q. AND MR. BALWANI WAS REFERRING TO A CONTRACTUAL PROVISION  
03:54PM 12 THAT WE LOOKED AT EARLIER ABOUT HOW 40 PERCENT OF THE STORES  
03:54PM 13 HAD TO BE THIS GOLD LEVEL STORE; RIGHT?  
03:54PM 14 A. THAT'S RIGHT.  
03:54PM 15 Q. AND THEN YOU RESPONDED THE NEXT DAY.  
03:54PM 16 DO YOU SEE THAT?  
03:54PM 17 A. YES.  
03:54PM 18 Q. AND YOU WROTE, "HI SUNNY -- YES, FULLY AWARE OF THE  
03:54PM 19 TERMS -- WE ARE DETERMINING THE IMPLICATIONS OF THIS  
03:54PM 20 REQUIREMENT. THE BEST WAY TO MAKE THIS HAPPEN IS TO TRULY  
03:54PM 21 DETERMINE THE STORE SELECTION FOR THE ENTIRE CHAIN NOW, BASED  
03:54PM 22 ON THE CRITERIA."  
03:54PM 23 DO YOU SEE THAT?  
03:54PM 24 A. YES.  
03:54PM 25 Q. AND THEN YOU WRITE, "WE ARE GOING TO TOUCH 2,000 STORES IN



03:55PM 1 2015 AND WOULD LIKE TO MAKE SURE WE PLACE 2 ROOMS IN THE STORES

03:55PM 2 WE WANT TO SELECT FOR GOLD LEVEL."

03:55PM 3 DO YOU SEE THAT?

03:55PM 4 A. YES.

03:55PM 5 Q. AND SO YOU'RE SAYING THERE THAT YOU'LL TOUCH 2,000 STORES

03:55PM 6 AND YOU WANT TO MAKE SURE THAT THE ONES THAT ARE SELECTED FOR

03:55PM 7 GOLD LEVEL HAVE THE TWO ROOMS THAT ARE REQUIRED UNDER THE

03:55PM 8 CONTRACT; RIGHT?

03:55PM 9 A. CORRECT, VERY CONSISTENT WITH WHAT I'VE SAID, WHICH IS

03:55PM 10 TRYING TO MINIMIZE TOUCHES, AND IF WE CAN DETERMINE THE

03:55PM 11 CRITERIA, WHICH STORES ARE GOING TO BE SELECTED FOR THERANOS

03:55PM 12 SERVICES WITHIN THE 2,000 THAT WE'RE ALREADY TOUCHING, IT WOULD

03:55PM 13 MAKE DISRUPTION MUCH, MUCH LESS.

03:55PM 14 Q. WELL, YOU'RE SAYING THAT THERE'S GOING TO BE A CERTAIN

03:55PM 15 NUMBER OF THE 2,000 STORES THAT ARE GOING TO BE SELECTED FOR

03:55PM 16 GOLD LEVEL BUILDS; RIGHT?

03:55PM 17 A. RIGHT. WHAT I'M ASKING MR. BALWANI IS THAT WE NEED TO

03:55PM 18 SELECT THE STORES THAT WILL BE PLACED AS A GOLD LEVEL SO WE CAN

03:55PM 19 PUT IN THOSE TWO ROOMS FOR THE THERANOS SERVICES.

03:56PM 20 Q. IN THE EMAIL, YOU DON'T SAY THAT YOU'RE GOING TO TOUCH

03:56PM 21 2,000 WELL EXPERIENCE STORES IN SOME UNRELATED PROGRAM TO

03:56PM 22 THERANOS, DO YOU?

03:56PM 23 A. NO. THIS IS -- WHAT I'M REFERRING TO ON THE 2,000 STORES

03:56PM 24 IS THE WELL EXPERIENCE PROGRAM.

03:56PM 25 Q. OKAY. BUT THAT'S NOT WHAT YOU SAY IN THE EMAIL; RIGHT?

03:56PM 1 A. I HAVEN'T SPECIFICALLY PUT WELL EXPERIENCE, BUT THAT'S  
03:56PM 2 WHAT I'M REFERRING TO.

03:56PM 3 Q. OKAY. I HEAR YOU SAYING THAT, BUT WHAT YOU WROTE AT THE  
03:56PM 4 TIME WAS "WE'RE GOING TO TOUCH 2,000 STORES IN 2015." THAT'S  
03:56PM 5 WHAT YOU TOLD MR. BALWANI ON AUGUST 13TH; CORRECT?

03:56PM 6 A. CORRECT.

03:56PM 7 Q. OKAY. AND IS IT YOUR TESTIMONY TODAY, MR. JHAVERI, THAT  
03:56PM 8 WHEN YOU SAID 2,000, YOU MEANT THESE ARE WELL EXPERIENCE STORES  
03:56PM 9 THAT HAD NOTHING TO DO WITH THERANOS?

03:56PM 10 A. NO. WHAT I WAS REFERRING TO IS EXACTLY THE PREVIOUS  
03:56PM 11 DOCUMENT THAT WE ARE LOOKING AT, WHICH WAS THAT WE'RE GOING TO  
03:56PM 12 TOUCH 2,000 STORES FOR WELL EXPERIENCE IN 2015.

03:56PM 13 OF THOSE 2,000 STORES, WE ARE PLANNING FOR 200 THERANOS  
03:57PM 14 STORES, OR THERANOS SERVICES WITHIN THOSE STORES.

03:57PM 15 AND SO WHAT WE ARE LOOKING FOR HERE, AND WHAT I'M ASKING  
03:57PM 16 MR. BALWANI IS, WHAT ARE THOSE 200 STORES SO WE CAN PLAN FOR  
03:57PM 17 WITHIN THOSE 2,000 STORES THAT WE ARE GOING TO BUILD OUT FOR  
03:57PM 18 WELL EXPERIENCE IN 2015.

03:57PM 19 I MAY NOT HAVE SAID "WELL EXPERIENCE" IN FRONT OF 2,000,  
03:57PM 20 BUT IT'S CONSISTENT WITH THE DOCUMENT THAT WE JUST REVIEWED  
03:57PM 21 BEFORE.

03:57PM 22 Q. OKAY. MR. JHAVERI, YOU WERE TELLING MR. BALWANI IN THIS  
03:57PM 23 EMAIL THAT WE'RE LOOKING AT THAT IF THE METRICS WERE MET AND  
03:57PM 24 THE PROGRAM CONTINUED TO GO IN THE RIGHT DIRECTION, THAT THE  
03:57PM 25 PLAN WAS TO TOUCH 2,000 THERANOS STORES IN 2015, THERANOS

03:57PM 1 COLLECTION SITES; CORRECT?

03:57PM 2 A. THE PLAN WAS TO TOUCH 2,000 STORES FOR WELL EXPERIENCE.

03:57PM 3 Q. THAT HAD THERANOS COLLECTION SITES IN THEM; CORRECT?

03:57PM 4 A. 200.

03:57PM 5 Q. 2,000?

03:57PM 6 A. NO. THE CHART SAID 200.

03:58PM 7 Q. WELL, YOU WROTE 2,000 IN HERE; RIGHT, SIR?

03:58PM 8 A. "WE ARE GOING TO TOUCH 2,000 STORES IN 2015 AND WE WOULD

03:58PM 9 LIKE TO MAKE SURE WE PLACED 2 ROOMS IN THE STORES THAT WE WANT

03:58PM 10 TO SELECT FOR GOLD LEVEL."

03:58PM 11 Q. RIGHT. FOR GOLD LEVEL?

03:58PM 12 A. RIGHT.

03:58PM 13 Q. THE GOLD LEVEL STORES WOULD HAVE TWO ROOMS?

03:58PM 14 A. CORRECT.

03:58PM 15 Q. AND OTHER STORES THAT WEREN'T GOLD LEVEL WOULDN'T HAVE TWO

03:58PM 16 ROOMS; RIGHT?

03:58PM 17 A. CORRECT.

03:58PM 18 Q. OKAY. MR. JHAVERI, THIS IS NOT THE FIRST TIME THAT YOU'VE

03:58PM 19 TESTIFIED ABOUT MATTERS RELATING TO THERANOS; CORRECT?

03:58PM 20 A. CORRECT.

03:58PM 21 Q. IN FACT, YOU'VE TESTIFIED --

03:58PM 22 MR. SCHENK: OBJECTION. RELEVANCE.

03:58PM 23 THE COURT: SUSTAINED.

03:58PM 24 MR. COOPERSMITH: THIS IS IMPEACHMENT, YOUR HONOR.

03:58PM 25 THE COURT: THIS IS A GOOD TIME FOR OUR BREAK.

03:58PM 1 MR. COOPERSMITH: OKAY. YES, YOUR HONOR.

03:58PM 2 THE COURT: LADIES AND GENTLEMEN, WE'RE GOING TO  
03:58PM 3 TAKE OUR BREAK NOW. IT'S 4:00 P.M. I PROMISED YOU WE WOULD  
03:59PM 4 BREAK AT 4:00 TODAY, AFTER I TOLD YOU WE WOULD BREAK AT 2:45.

03:59PM 5 SO WE'LL TAKE OUR EVENING BREAK NOW. LET ME REMIND YOU OF  
03:59PM 6 THE ADMONISHMENT. PLEASE DO NOT READ, LISTEN TO, OR IN ANY WAY  
03:59PM 7 LEARN ANYTHING ABOUT THIS CASE DURING OUR BREAK.

03:59PM 8 AND WE'LL SEE YOU TOMORROW, TOMORROW AT 9:00 A.M., AND I  
03:59PM 9 BELIEVE WE CAN GO UNTIL 9:00 O'CLOCK -- EXCUSE ME --

03:59PM 10 (LAUGHTER.)

03:59PM 11 THE COURT: WE MAY GET THERE.

03:59PM 12 LET ME ASK, PLEASE, JUROR NUMBER 8 TO REMAIN FOR A MOMENT.

03:59PM 13 THE REST OF YOU HAVE A GOOD EVENING.

03:59PM 14 AND, SIR, I'LL HAVE TO ASK YOU TO COME BACK TOMORROW AT  
03:59PM 15 9:00 A.M., PLEASE.

04:00PM 16 MR. JHAVERI, YOU MAY STAND DOWN.

04:00PM 17 (JURY OUT AT 4:00 P.M.)

04:00PM 18 (JUROR NUMBER 8 PRESENT.)

04:00PM 19 MR. SCHENK: YOUR HONOR, BRIEFLY ON THAT ISSUE, I  
04:00PM 20 INFORMED COUNSEL, AND MAYBE WITH THE COURT WE DISCUSSED THIS  
04:00PM 21 LAST WEEK. I BELIEVE THAT MR. JHAVERI IS UNAVAILABLE THE REST  
04:00PM 22 OF THE WEEK, BUT I'VE ASKED COUNSEL FOR MR. JHAVERI TO HAVE A  
04:00PM 23 CONVERSATION WITH HIM WHILE WE HANDLE THIS OTHER ISSUE.

04:00PM 24 THE COURT: OKAY. SO HE SHOULD NOT LEAVE THEN?

04:00PM 25 MR. SCHENK: CORRECT.

04:00PM 1 THE COURT: THANK YOU. THANK YOU FOR THAT.

04:00PM 2 ALL RIGHT. JUROR NUMBER 8 REMAINS, AND I WANTED TO TALK

04:00PM 3 WITH YOU, JUROR NUMBER 8, ABOUT OUR CONVERSATION LAST WEEK AND

04:01PM 4 SOME OTHER ISSUES REGARDING YOUR CONTINUED SERVICE HERE.

04:01PM 5 SO THIS MAY TOUCH ON SOME PRIVATE, PRIVATE MATTERS, SO I

04:01PM 6 AM GOING TO, AT THIS POINT, CLEAR THE COURTROOM OF ANYONE WHO

04:01PM 7 IS NOT CONNECTED WITH THIS CASE, AND OTHERWISE SEAL THIS

04:01PM 8 PORTION OF THE TRANSCRIPT FOR OUR CONVERSATION.

04:01PM 9 I SEE IT LOOKS LIKE ALL PUBLIC MEMBERS, INDIVIDUALS WHO

04:01PM 10 ARE NOT CONNECTED WITH THIS CASE HAVE LEFT THE COURTROOM.

04:01PM 11 SO COUNSEL ARE HERE AND JUROR NUMBER 8.

04:01PM 12 **(SEALED PROCEEDINGS PAGES 3143 - 3148.)**

13

14

15

16

17

18

19

20

21

22

23

24

25

04:01PM 1 ///

04:08PM 2 (OPEN COURT AT 4:08 P.M.)

04:08PM 3 THE COURT: PLEASE BE SEATED. THE COURTROOM IS NOW

04:08PM 4 OPEN TO THE PUBLIC.

04:08PM 5 DID YOU FIND OUT ANY INFORMATION ABOUT MR. JHAVERI'S

04:08PM 6 SITUATION?

04:08PM 7 GO RIGHT AHEAD AND CHECK.

04:09PM 8 (PAUSE IN PROCEEDINGS.)

04:09PM 9 THE COURT: MR. SCHENK.

04:09PM 10 MR. SCHENK: UNFORTUNATELY, HE'S NOT AVAILABLE.

04:09PM 11 HE'S GETTING ON A PLANE THIS EVENING TO FLY OUT.

04:09PM 12 THE COURT: I SEE. DO YOU HAVE A WITNESS TO CALL

04:09PM 13 TOMORROW?

04:09PM 14 MR. BOSTIC: YES, YOUR HONOR, WE DO.

04:09PM 15 DR. ROSENDORFF WILL BE THE GOVERNMENT'S NEXT WITNESS, AND

04:09PM 16 WE'RE COORDINATING WITH HIS COUNSEL TODAY.

04:09PM 17 THE COURT: I SEE. OKAY.

04:09PM 18 AS TO -- DO YOU ANTICIPATE THAT IF YOU TOLD HIM HE WOULD

04:09PM 19 BE TESTIFYING TOMORROW THAT HE COULD BE HERE IN THE MORNING?

04:09PM 20 MR. BOSTIC: I UNDERSTAND HE'S AVAILABLE,

04:09PM 21 YOUR HONOR. SO I DON'T THINK -- I DON'T THINK NOTICE WILL BE A

04:09PM 22 PROBLEM FOR HIM. I THINK HE WILL BE ABLE TO BE HERE AT 9:00.

04:09PM 23 THE COURT: OKAY. ALL RIGHT.

04:09PM 24 MR. COOPERSMITH.

04:09PM 25 MR. COOPERSMITH: ON A SCHEDULING ISSUE, YOUR HONOR?

04:09PM 1 THE COURT: YES.

04:09PM 2 MR. COOPERSMITH: WELL, YOU KNOW, IT'S TOO BAD THAT  
04:09PM 3 MR. JHAVERI CAN'T BE HERE, BUT I UNDERSTAND THAT HAPPENS, BUT  
04:09PM 4 WE'LL JUST DEAL WITH IT AS IT COMES.

04:09PM 5 THE COURT: OKAY. DO WE KNOW WHEN HE, WHEN HE,  
04:09PM 6 MR. JHAVERI, WOULD NEXT BE -- WHY DON'T YOU COME UP TO THE  
04:09PM 7 LECTERN. YES, THANK YOU.

04:10PM 8 MR. SCHENK: THE COURT'S QUESTION WAS WHEN WOULD  
04:10PM 9 MR. JHAVERI NEXT BE AVAILABLE?

04:10PM 10 THE COURT: YES.

04:10PM 11 MR. SCHENK: I DIDN'T HAVE ENOUGH TIME IN THE BREAK  
04:10PM 12 TO CONFIRM THAT.

04:10PM 13 I DO NOT BELIEVE THAT HE WOULD BE AVAILABLE THE REST OF  
04:10PM 14 THIS WEEK.

04:10PM 15 THE COURT: OKAY.

04:10PM 16 MR. SCHENK: I THINK HIS OBLIGATIONS IN ILLINOIS  
04:10PM 17 OCCUPY AT LEAST THE REST OF THIS WEEK. BUT I WILL SPEAK TO HIS  
04:10PM 18 COUNSEL TODAY AND FIND OUT WHEN HE COULD NEXT COME HERE, AND  
04:10PM 19 THEN I'LL IMMEDIATELY COMMUNICATE THAT TO MR. COOPERSMITH.

04:10PM 20 THE COURT: OKAY. ALL RIGHT.

04:10PM 21 WELL, THANK YOU. THANK YOU FOR THAT.

04:10PM 22 HE DID GIVE ME A VERY QUIZZICAL LOOK WHEN I SAID WE WILL  
04:10PM 23 SEE YOU TOMORROW MORNING, WHICH IS TO SAY THAT I WAS OUT OF THE  
04:10PM 24 LOOP ON THAT.

04:10PM 25 SO WE WILL THEN -- AND THANK YOU FOR LETTING ME KNOW THEN,

04:10PM 1 THIS DOES HAPPEN IN CASES.

04:10PM 2 I RECALL LAST WEEK WHEN WE WERE TALKING ABOUT ANOTHER  
04:10PM 3 WITNESS, I KNOW, MR. COOPERSMITH, YOU EXPRESSED SOME CONCERN  
04:11PM 4 ABOUT INTERRUPTING A WITNESS'S TESTIMONY, AND I DIDN'T  
04:11PM 5 UNDERSTAND THE CONTEXT BECAUSE WE WERE JUST ABOUT FINISHED WITH  
04:11PM 6 THAT WITNESS'S TESTIMONY, AND MAYBE THIS IS WHAT YOU WERE  
04:11PM 7 REFERENCING.

04:11PM 8 MR. COOPERSMITH: YES, YOUR HONOR.

04:11PM 9 YOUR HONOR, I RECOGNIZE THE PRACTICALITIES OF PEOPLE'S  
04:11PM 10 LIVES AND TRAVEL.

04:11PM 11 OBVIOUSLY I THINK ALL OF US WOULD PREFER, ALL OF US, TO  
04:11PM 12 CONTINUE THE WITNESS. BUT THIS IS HOW IT'S GOING TO BE AND  
04:11PM 13 WE'LL JUST HAVE TO TAKE HIM UP AT THE NEXT OPPORTUNITY; RIGHT?

04:11PM 14 THE COURT: OKAY. WE WILL DO THAT.

04:11PM 15 AND THEN TOMORROW I WILL TELL THE JURY THAT WE HAVE  
04:11PM 16 INTERRUPTED MR. JHAVERI'S TESTIMONY BECAUSE OF SCHEDULING  
04:11PM 17 ISSUES, AND THAT WE'LL TAKE UP ANOTHER WITNESS'S TESTIMONY.

04:11PM 18 AND WHAT'S -- DARE I ASK, DO YOU THINK DR. ROSENDORFF  
04:11PM 19 WILL -- HE'LL BE FINISHED TOMORROW ABOUT 1:00 P.M., DO YOU  
04:11PM 20 THINK, MR. BOSTIC?

04:11PM 21 MR. BOSTIC: THAT SOUNDS GOOD TO THE GOVERNMENT,  
04:11PM 22 YOUR HONOR.

04:11PM 23 SO JUST TO ANSWER THAT QUESTION, I THINK THAT WE WILL  
04:11PM 24 FINISH THE DIRECT EXAM OF THAT WITNESS TOMORROW IF WE START AT  
04:11PM 25 9:00. I CAN'T SPEAK TO THE LENGTH OF THE CROSS-EXAMINATION.



04:12PM 1 THE COURT: SURE.

04:12PM 2 MR. BOSTIC: BUT I THINK DIRECT WILL TAKE MORE THAN  
04:12PM 3 HALF OF THE DAY, BUT LESS THAN THE WHOLE DAY.

04:12PM 4 THE COURT: AND WE'RE GOING UNTIL 4:00 TOMORROW.

04:12PM 5 MR. BOSTIC: I JUST WANT TO -- IN THE INTEREST OF  
04:12PM 6 KEEPING THE COURT IN THE LOOP, I RECEIVED EMAIL NOTICE BY  
04:12PM 7 DR. ROSENDORFF'S COUNSEL THIS AFTERNOON, THAT HE BELIEVES THAT  
04:12PM 8 HE WAS EXPOSED TO SOMEONE WITH COVID UNFORTUNATELY ON FRIDAY  
04:12PM 9 AND SATURDAY.

04:12PM 10 DR. ROSENDORFF IS FULLY VACCINATED AND HE DOES NOT HAVE  
04:12PM 11 SYMPTOMS AT THIS TIME.

04:12PM 12 AS I UNDERSTAND IT, CDC GUIDELINES DO NOT REQUIRE HIM TO  
04:12PM 13 ISOLATE OR QUARANTINE, BUT I WANTED THE COURT AND COUNSEL TO  
04:12PM 14 KNOW THAT THAT'S WHAT WE'RE LEARNING ABOUT.

04:12PM 15 THE COURT: AND HE'S TESTED NEGATIVE? IS THAT OUR  
04:12PM 16 INFORMATION?

04:12PM 17 MR. BOSTIC: IF I COULD CHECK MY EMAIL? I  
04:12PM 18 APOLOGIZE.

04:12PM 19 THE COURT: SURE, GO RIGHT AHEAD.

04:13PM 20 MR. COOPERSMITH, WHILE HE'S CHECKING HIS EMAIL, WHAT ARE  
04:13PM 21 YOUR THOUGHTS ON THAT?

04:13PM 22 MR. COOPERSMITH: MY THOUGHTS ARE I WILL BE CAREFUL  
04:13PM 23 WHEN I ASK TO APPROACH A WITNESS.

04:13PM 24 I THINK WE SHOULD FOLLOW THE HEALTH GUIDELINES. IF HE CAN  
04:13PM 25 TESTIFY, THAT'S FINE. IF THERE'S A SAFETY ISSUE, THEN

04:13PM 1 YOUR HONOR WOULD MAKE THAT DECISION.

04:13PM 2 SO I DON'T THINK I HAVE ANY MORE TO ADD.

04:13PM 3 THE COURT: THANK YOU.

04:13PM 4 THE ISSUE THEN BECOMES, DO I LET THE JURY -- AM I UNDER AN  
04:13PM 5 OBLIGATION TO LET OUR JURY KNOW? THAT'S PERSONAL INFORMATION,  
04:13PM 6 HEALTH INFORMATION.

04:13PM 7 BUT I DO HAVE AN OBLIGATION, AS I'VE EXPRESSED TO YOU, AND  
04:13PM 8 I THINK WE ALL RECOGNIZE THAT, TO -- FOR THE JURORS' HEALTH.  
04:13PM 9 AND THEY'RE DISTANT AND ALL OF THAT, BUT SHOULD THEY BE  
04:13PM 10 INFORMED THAT THERE'S SOMEONE IN THE COURTROOM WHO MAY HAVE  
04:13PM 11 BEEN EXPOSED? THAT'S CREATES AN ISSUE, A PROBLEM.

04:13PM 12 AND MY COLLEAGUES, YOUR COLLEAGUES ACROSS THE COUNTRY ARE  
04:13PM 13 WRESTLING WITH THIS, WHAT TO DO WHEN A SITUATION LIKE THIS  
04:13PM 14 COMES UP.

04:13PM 15 MR. BOSTIC: IT'S HARD TO SAY NO TO THAT QUESTION,  
04:14PM 16 YOUR HONOR.

04:14PM 17 I DO HAVE SOME CONCERNS ABOUT -- I MEAN, THIS KIND OF  
04:14PM 18 THING SHOULD NOT BE STIGMATIZED AND IT SHOULD NOT BE THE KIND  
04:14PM 19 OF THING THAT WOULD CAUSE A RATIONALE JUROR TO BE DISTRACTED  
04:14PM 20 DURING A WITNESS'S TESTIMONY OR HOLD IT AGAINST THAT WITNESS,  
04:14PM 21 BUT REALITY AND BIASES ARE WHAT THEY ARE.

04:14PM 22 SO I THINK THE COURT IS AWARE OF THAT AND I THINK IT'S  
04:14PM 23 SOMETHING THAT NEEDS TO BE APPROACHED WITH SOME DELICACY.

04:14PM 24 ON THE TESTING POINT, I'M INFORMED THAT DR. ROSENDORFF  
04:14PM 25 TOOK A TEST LAST NIGHT, AN ANTIGEN TEST, AND HE TESTED

04:14PM 1 NEGATIVE. SO I THINK HE WILL PROBABLY CONTINUE TO TEST TODAY,  
04:14PM 2 AND WE'LL OF COURSE LET THE COURT KNOWS IF THAT CHANGES.

04:14PM 3 MR. COOPERSMITH: YEAH. I UNDERSTAND.

04:14PM 4 I SUPPOSE THE PROBLEM IS THE ISSUE WE CONFRONTED EARLIER  
04:14PM 5 IN THE TRIAL WITH JURORS, WHAT HAPPENS -- THERE'S AN INCUBATION  
04:14PM 6 PERIOD, RIGHT? SO A NEGATIVE TEST AT THIS PARTICULAR MOMENT  
04:14PM 7 MIGHT NOT BE AS INFORMATIVE AS WE WOULD LIKE IT TO BE, RIGHT,  
04:14PM 8 IF IT'S NOT A PCR TEST AS I UNDERSTAND IT.

04:14PM 9 SO IT'S A TOUGH ONE. YOUR HONOR MAKES A GREAT POINT. IF  
04:15PM 10 I WERE A JUROR AND IF I WAS ATTENDING A DINNER PARTY, I WOULD  
04:15PM 11 WANT TO KNOW IF SOMEBODY WHO IS ATTENDING WAS POSSIBLY EXPOSED  
04:15PM 12 TO COVID.

04:15PM 13 SO IT'S A TOUGH ONE. I WOULD LIKE TO GET THIS TRIAL --  
04:15PM 14 CONTINUE TO KEEP THE TRIAL MOVING. WE'VE GOT A WITNESS. I  
04:15PM 15 KNOW YOUR HONOR FEELS THAT WAY, TOO.

04:15PM 16 SO IT'S A DILEMMA. I WISH I COULD COME UP WITH A MAGIC  
04:15PM 17 SOLUTION.

04:15PM 18 THE COURT: WELL, THANK YOU. I APPRECIATE THAT.  
04:15PM 19 THERE AREN'T ANY.

04:15PM 20 WE'RE STILL IN UNCHARTERED WATERS, EVEN THOUGH WE'RE,  
04:15PM 21 WE'RE -- IT'S KIND OF IN OUR REARVIEW MIRROR.

04:15PM 22 ONE OF MY COLLEAGUES IN FLORIDA MADE AN ORDER YESTERDAY  
04:15PM 23 THAT CHANGED TRANSPORTATION LANDSCAPE SIGNIFICANTLY, AND WE'LL  
04:15PM 24 SEE WHAT HAPPENS WITH THAT.

04:15PM 25 BUT THE QUESTION IS, SHOULD JURORS BE INFORMED THAT

04:15PM 1 SOMEONE WHO IS RIDING THE ELEVATOR, SOMEONE THAT THEY MAY HAVE  
04:15PM 2 CONTACT WITH, THEY'LL HAVE CONTACT HERE IN THE COURTROOM WITH  
04:15PM 3 THEM, ALBEIT NOT AS INTIMATE AS IN THE PUBLIC. WE'VE GOT  
04:15PM 4 SCREENS, WE HAVE MASKS, EVERYONE IS WEARING A MASK.

04:16PM 5 BUT NOTWITHSTANDING THAT, SHOULD THEY BE INFORMED?

04:16PM 6 YOU KNOW, MR. SCHENK, I THINK YOU'VE BEEN THE RESIDENT  
04:16PM 7 EXPERT ON CDC. NOT THAT MR. BOSTIC CAN'T SPEAK TO THE TOPIC,  
04:16PM 8 BUT I THINK YOU'VE BEEN OF GREAT ASSISTANCE TO US IN OTHER  
04:16PM 9 MATTERS LIKE THIS.

04:16PM 10 MR. SCHENK: I THINK THIS IS THE FIRST TIME THAT  
04:16PM 11 ANYBODY HAS ASKED MY OPINION OVER MR. BOSTIC'S, SO ALLOW ME TO  
04:16PM 12 CELEBRATE THAT FOR A MOMENT.

04:16PM 13 THE COURT: FIRST LET ME GO THROUGH A 702 VOIR DIRE.

04:16PM 14 MR. SCHENK: YOUR HONOR, I THINK THAT THE CDC  
04:16PM 15 GUIDELINES, OR GUIDANCE ON THIS ISSUE, SAYS THAT A VACCINATED  
04:16PM 16 INDIVIDUAL WITH A KNOWN EXPOSURE, BUT WHO IS NOT SHOWING ANY  
04:16PM 17 SYMPTOMS, DOES NOT NEED TO QUARANTINE NOR ISOLATE.

04:16PM 18 AND, IN FACT, I MENTIONED THIS TO MR. BOSTIC EARLIER, I  
04:16PM 19 THINK THE GUIDANCE WAS ACTUALLY RECENTLY CHANGED SO THAT EVEN  
04:16PM 20 UNVACCINATED INDIVIDUALS WHO HAVE AN EXPOSURE, BUT ARE  
04:16PM 21 ASYMPTOMATIC, DO NOT HAVE TO QUARANTINE OR ISOLATE.

04:17PM 22 I'M NOT POSITIVE ABOUT THAT LAST ONE, BUT IT DOESN'T APPLY  
04:17PM 23 IN THIS SITUATION BECAUSE DR. ROSENDORFF IS VACCINATED.

04:17PM 24 BUT HE WOULD BE ALLOWED -- FOR INSTANCE, IF HE WAS A JUROR  
04:17PM 25 AND HE TOLD US HE WAS EXPOSED, THE TEST THAT HE TOOK IS NOT

04:17PM 1 RELEVANT TO THE ANALYSIS. IT'S WHETHER HE IS SHOWING SYMPTOMS  
04:17PM 2 OR NOT. AND BECAUSE HE'S VACCINATED AND NOT SHOWING SYMPTOMS,  
04:17PM 3 HE COULD CONTINUE HIS JURY SERVICE.

04:17PM 4 THAT DOESN'T ANSWER THE COURT'S QUESTIONS ABOUT WHETHER WE  
04:17PM 5 SHOULD INFORM INDIVIDUALS.

04:17PM 6 I CAN TELL THE COURT WHEN THERE'S AN EXPOSURE IN A FEDERAL  
04:17PM 7 BUILDING, I GET AN EMAIL ON IT. I GET AN EMAIL IF THERE IS AN  
04:17PM 8 EXPOSURE IN THE SAN FRANCISCO FEDERAL BUILDING.

04:17PM 9 SO ONCE WE OBTAIN DR. ROSENDORFF'S PERMISSION TO SHARE IT,  
04:17PM 10 I THINK WE WOULD THEN LEAVE IT TO THE COURT TO MAKE A DECISION  
04:17PM 11 ABOUT WHETHER TO SHARE THAT INFORMATION.

04:17PM 12 BUT I CERTAINLY GET WHERE THE COURT IS COMING FROM.

04:17PM 13 THE COURT: WELL, I THINK WE SHOULD ASK  
04:17PM 14 DR. ROSENDORFF THAT QUESTION TOMORROW IF YOU DON'T MIND, AND  
04:17PM 15 JUST GET HIS THOUGHTS ON THAT.

04:18PM 16 AND THEN WE -- I WOULD ALSO INVITE YOU TO THINK ABOUT WHAT  
04:18PM 17 COMMENT THE COURT SHOULD MAKE TO THE JURORS ABOUT A WITNESS AND  
04:18PM 18 THAT THEY SHOULDN'T -- OBVIOUSLY IT'S NOT A STIGMA. IT'S  
04:18PM 19 OBVIOUSLY NOT SOMETHING THAT THEY SHOULD CONSIDER WHEN THEY  
04:18PM 20 EVALUATE A WITNESS'S TESTIMONY.

04:18PM 21 MR. COOPERSMITH: YOUR HONOR, THE CONCERN I HAVE IS  
04:18PM 22 A LITTLE DIFFERENT. IT'S THAT IF THE COURT WERE TO INFORM, I  
04:18PM 23 SUPPOSE WITH DR. ROSENDORFF'S PERMISSION, THAT HE IS SOMEONE  
04:18PM 24 WHO WAS EXPOSED TO COVID POTENTIALLY, HE'S TESTING NEGATIVE AT  
04:18PM 25 THE MOMENT, BUT THAT'S NOT DISPOSITIVE, WHATEVER THE COURT'S

04:18PM 1 MESSAGE IS, THE QUESTION I HAVE IS, WHAT ARE THE JURORS  
04:18PM 2 SUPPOSED TO DO WITH THAT INFORMATION?

04:18PM 3 AND IN THE CASE OF MR. SCHENK GETTING NOTICES FROM THE  
04:18PM 4 BUILDING, I SUPPOSE MR. SCHENK COULD DECIDE TO WORK AT HOME  
04:18PM 5 THAT DAY IF HE WAS CONCERNED.

04:18PM 6 THE JURORS DON'T REALLY HAVE THAT OPTION.

04:18PM 7 SO I THINK THERE WOULD HAVE TO BE A PLAN TO TELL THEM WHAT  
04:18PM 8 THEY'RE SUPPOSED TO DO. I MEAN, IS IT GOING TO BE THEIR  
04:18PM 9 DECISION? NORMALLY NOT. IT'S NORMALLY THE COURT THAT SETS THE  
04:19PM 10 SCHEDULE.

04:19PM 11 SO I'M JUST WONDERING WHAT THE NEXT STEP WOULD BE.

04:19PM 12 THE COURT: WELL, YOU KNOW, THERE IS NO MANUAL ON  
04:19PM 13 THIS, AND IT COULD BE THAT WE, YOU KNOW, WE HAVE TO HAVE A  
04:19PM 14 DISCUSSION WITH EACH JUROR AND ASK THE JUROR'S COMFORT LEVEL.

04:19PM 15 I MEAN, THAT'S A POSSIBILITY, YOU KNOW, INDIVIDUALLY AND  
04:19PM 16 SEE HOW THEY FEEL. THEY'LL PROBABLY HAVE QUESTIONS ABOUT THAT.

04:19PM 17 THE REALITY OF TODAY'S WORLD IS THAT WE'RE ALL EXPOSED AT  
04:19PM 18 SOME POINT OR ANOTHER, WHETHER WE KNOW IT OR NOT, AND  
04:19PM 19 PARTICULARLY NOW WITH THE RELAXATION OF MANY, MANY ORDERS.

04:19PM 20 I THINK SANTA CLARA COUNTY WAS ONE OF THE LAST COUNTIES TO  
04:19PM 21 RELAX THE MASK MANDATE, SO I SUPPOSE FROM AN EPIDEMIOLOGIST  
04:20PM 22 STANDPOINT, WE'RE ALL AT RISK NOW.

04:20PM 23 SO MAYBE THIS ISN'T SUCH A BIG DEAL TO JURORS. I JUST  
04:20PM 24 DON'T KNOW ABOUT THAT.

04:20PM 25 I, TOO, GET THE EMAILS, THE FEDERAL EMAILS, AT LEAST FOR

04:20PM 1 OUR COURT EMAILS IF THERE'S BEEN AN EXPOSURE, AND IT'S  
04:20PM 2 INFORMATIVE.

04:20PM 3 AND YOU'RE RIGHT, MR. COOPERSMITH, WE CAN MAKE DECISIONS  
04:20PM 4 ON OUR OWN WHAT WE WANT TO DO, IF WE CAN WORK REMOTELY.

04:20PM 5 BUT WE HAVE A CAPTIVE AUDIENCE HERE, AND THEY HAVE DECIDED  
04:20PM 6 TO MOVE CLOSER TOGETHER COLLECTIVELY, WHICH EXPRESSES THEIR  
04:20PM 7 THOUGHT PROCESS.

04:20PM 8 WELL, WE'LL ALL GIVE THIS SOME THOUGHT, AND THINK ABOUT,  
04:20PM 9 IF YOU WOULD, THOSE QUESTIONS, YOU KNOW, SCENARIOS.

04:20PM 10 WHY DON'T WE HAVE HIM COME TOMORROW, THEN, IF HE'S ABLE  
04:20PM 11 TO. WE'LL CHECK FIRST THING IN THE MORNING TO SEE IF HE'S  
04:20PM 12 SYMPTOMATIC OR NOT. HE'LL TAKE ANOTHER TEST IN THE MORNING, I  
04:20PM 13 PRESUME, OR WE HAVE TESTS HERE THAT WE CAN PROVIDE HIM, AND  
04:20PM 14 MAYBE WE'LL HAVE HIM TAKE A TEST IN FRONT OF THE JURY AND WE'LL  
04:20PM 15 WAIT 15 MINUTES AND HE CAN SHOW THEM THE RESULTS.

04:21PM 16 NO, WE'RE NOT GOING TO DO THAT.

04:21PM 17 BUT WE HAVE TESTS HERE AVAILABLE FOR HIM AND WE CAN  
04:21PM 18 PROVIDE HIM WITH THOSE TESTS AS WELL.

04:21PM 19 AND YOU, ANYONE HERE WHO WANTS TO TEST, OF COURSE.

04:21PM 20 ANY FURTHER THOUGHTS, MR. COOPERSMITH?

04:21PM 21 MR. COOPERSMITH: NO, YOUR HONOR. I THINK WE HAVE  
04:21PM 22 THE FACTS AT HAND.

04:21PM 23 MR. SCHENK: NOTHING FURTHER.

04:21PM 24 MR. BOSTIC: NO. THANK YOU, YOUR HONOR.

04:21PM 25 THE COURT: WELL, WE'VE GOT A LOT TO THINK ABOUT

04:21PM 1 TONIGHT.

04:21PM 2 SO WE'LL SEE YOU TOMORROW ABOUT 8:30 I GUESS.

04:21PM 3 MR. COOPERSMITH: YES, YOUR HONOR.

04:21PM 4 JUST A COUPLE OF SCHEDULING QUESTIONS.

04:21PM 5 THE COURT: SURE.

04:21PM 6 MR. COOPERSMITH: THE MOTION THAT WE DIDN'T ARGUE  
04:21PM 7 THIS MORNING, IT'S RELEVANT TO DR. ROSENDORFF.

04:21PM 8 AS I SAID EARLIER, WE CAN DO THAT TOMORROW MORNING, OR WE  
04:21PM 9 CAN DO IT FRIDAY MORNING. I WAS JUST WONDERING WHAT THE  
04:21PM 10 COURT'S PREFERENCE WAS FOR SCHEDULING THAT ISSUE.

04:21PM 11 THIS IS ABOUT HIS POST-THERANOS CAREER.

04:21PM 12 THE COURT: RIGHT. IT SOUNDS, FROM MR. BOSTIC, THAT  
04:21PM 13 YOU WON'T HAVE A CHANCE TO CROSS-EXAMINE HIM TOMORROW. IT  
04:21PM 14 SOUNDS LIKE THAT'S PERHAPS UNLIKELY.

04:21PM 15 MR. BOSTIC: I THINK IT IS LIKELY THAT  
04:22PM 16 CROSS-EXAMINATION WILL BEGIN TOMORROW IF WE START AT 9:00, BUT  
04:22PM 17 I'D BE VERY SURPRISED IF WE GOT TOWARDS THE END OF  
04:22PM 18 MR. COOPERSMITH'S --

04:22PM 19 MR. COOPERSMITH: I DON'T THINK I'LL GET TO THAT  
04:22PM 20 ISSUE.

04:22PM 21 THE COURT: THIS TOPIC, RIGHT.

04:22PM 22 I'M ALSO LOOKING AT IF WE START AT 8:30 TOMORROW, WE HAVE  
04:22PM 23 TWO THINGS TO TALK ABOUT. WE HAVE TO SPEAK WITH JUROR  
04:22PM 24 NUMBER 8, AND THEN WE HAVE TO TALK ABOUT DR. ROSENDORFF'S  
04:22PM 25 SITUATION AND STRATEGIZE WHAT WE DO WITH THAT.



04:22PM 1 THAT DOESN'T BODE WELL FOR A 9:00 O'CLOCK START, DOES IT?

04:22PM 2 MR. COOPERSMITH: NO.

04:22PM 3 THE COURT: AND I THINK THAT'S HISTORICALLY WHAT  
04:22PM 4 GUIDES OUR START TIME.

04:22PM 5 I SUSPECT WE'LL START AT 9:30, AND THEN DEPENDING ON WHAT  
04:22PM 6 WE DECIDE TO DO, IF WE TALK WITH EACH JUROR, OR IF I SPEAK WITH  
04:22PM 7 THEM COLLECTIVELY AND THEN IF I ASK THEM IF ANY OF THEM WANT TO  
04:22PM 8 SPEAK PRIVATELY AND WE DO THAT, I SEE SOME CONSUMPTION OF TIME.  
04:23PM 9 AND I DON'T MEAN THAT PEJORATIVELY. YOU KNOW, IT'S GOING TO  
04:23PM 10 TAKE SOME TIME TO GET STARTED, DEPENDING ON WHAT HAPPENS.

04:23PM 11 AND, YOU KNOW, ALSO DR. ROSENDORFF'S COMFORT.

04:23PM 12 MR. COOPERSMITH: RIGHT, YOUR HONOR.

04:23PM 13 SO DOES THAT -- THAT SOUNDS LIKE THE AGENDA FOR TOMORROW.

04:23PM 14 FOR THE ARGUMENT ON THE POST-THERANOS CAREER, WOULD THE  
04:23PM 15 COURT PREFER TO DO THAT FRIDAY MORNING?

04:23PM 16 THE COURT: IT SOUNDS LIKE PROBABLY, UNLESS WE CAN  
04:23PM 17 SQUEEZE IT IN TOMORROW, THAT'S PROBABLY WHEN IT WILL HAPPEN.  
04:23PM 18 THAT'S MY SENSE OF IT.

04:23PM 19 MR. COOPERSMITH: OKAY. THANK YOU, YOUR HONOR.  
04:23PM 20 THAT MAKES SENSE.

04:23PM 21 AND THEN WITH REGARD TO ONE COMMENT THAT MR. BOSTIC MADE  
04:23PM 22 IN THE COURSE OF TOMORROW MORNING, I DON'T THINK IT'S  
04:23PM 23 APPROPRIATE TO INSTRUCT THE JURY THAT THEY SHOULDN'T HOLD IT  
04:23PM 24 AGAINST DR. ROSENDORFF THAT HE WAS EXPOSED TO COVID. I DON'T  
04:23PM 25 REALLY SEE WHY THAT'S AN ISSUE.

04:23PM 1 THE COURT: I DON'T THINK HE WAS ASKING THAT. I  
04:23PM 2 THINK THAT WAS JUST ONE OF OUR GENERAL TOPICS.

04:23PM 3 MR. COOPERSMITH: OKAY.

04:23PM 4 THE COURT: HOW DO WE -- WHAT DO WE DO WITH THAT?  
04:23PM 5 WE DON'T HAVE A DEFINITIVE ANSWER ON WHAT WE'RE GOING TO DO. I  
04:23PM 6 THINK THAT WAS JUST -- THAT'S THE WAY I TOOK IT.

04:23PM 7 YOU KNOW, WE'RE ALL TALKING ABOUT WHAT IS THE EFFECT OF  
04:24PM 8 THIS, AND WHAT DO WE TELL THE JURY ABOUT THIS? DO WE TELL  
04:24PM 9 THEM, DON'T HAVE SYMPATHY FOR HIM BECAUSE HE'S BEEN EXPOSED,  
04:24PM 10 AND DON'T HOLD IT AGAINST HIM?

04:24PM 11 NO. THIS IS JUST --

04:24PM 12 MR. COOPERSMITH: RIGHT.

04:24PM 13 THE COURT: IT'S ALL PART OF THE CONVERSATION.

04:24PM 14 MR. COOPERSMITH: OKAY. I UNDERSTAND, YOUR HONOR.  
04:24PM 15 THANK YOU.

04:24PM 16 THE COURT: YES.

04:24PM 17 MR. COOPERSMITH: WITH REGARD TO THE WITNESS WHO  
04:24PM 18 TESTIFIED TODAY, MR. JHAVERI, AGAIN, NOTHING WE HAVE TO DO NOW  
04:24PM 19 BECAUSE HE'S COMING BACK EVENTUALLY, BUT THERE IS AN  
04:24PM 20 EVIDENTIARY ISSUE OR TWO THAT WE WOULD LIKE TO TALK ABOUT WITH  
04:24PM 21 RESPECT TO HIM THAT CAME UP IN THE COURSE OF CROSS.

04:24PM 22 BUT, AGAIN, HE'S NOT COMING TOMORROW, SO WE CAN DO THAT AT  
04:24PM 23 ANOTHER POINT.

04:24PM 24 THE COURT: RIGHT. WE PROBABLY WON'T SEE HIM UNTIL  
04:24PM 25 NEXT WEEK AT THE EARLIEST I WOULD THINK.

04:24PM 1 MR. COOPERSMITH: YES, YOUR HONOR.

04:24PM 2 THE COURT: RIGHT.

04:24PM 3 MR. BOSTIC, ANYTHING?

04:24PM 4 MR. BOSTIC: NO, YOUR HONOR, NOTHING TO ADD.

04:24PM 5 THE COURT: OKAY. ALL RIGHT.

04:24PM 6 WELL, YOU HAVE YOUR HOMEWORK, AND WE'LL TALK TOMORROW.

04:24PM 7 MR. COOPERSMITH: THANK YOU, YOUR HONOR.

04:24PM 8 MR. BOSTIC: THANK YOU, YOUR HONOR.

04:24PM 9 MR. SCHENK: THANK YOU, YOUR HONOR.

04:24PM 10 THE COURT: ALL RIGHT.

04:24PM 11 THE CLERK: COURT IS ADJOURNED.

04:24PM 12 (COURT ADJOURNED AT 4:24 P.M.)

13

14

15

16

17

18

19

20

21

22

23

24

25

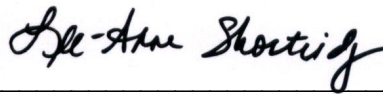
CERTIFICATE OF REPORTERS

WE, THE UNDERSIGNED OFFICIAL COURT REPORTERS OF THE  
UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF  
CALIFORNIA, 280 SOUTH FIRST STREET, SAN JOSE, CALIFORNIA, DO  
HEREBY CERTIFY:

THAT THE FOREGOING TRANSCRIPT, CERTIFICATE INCLUSIVE, IS  
A CORRECT TRANSCRIPT FROM THE RECORD OF PROCEEDINGS IN THE  
ABOVE-ENTITLED MATTER.



IRENE RODRIGUEZ, CSR, CRR  
CERTIFICATE NUMBER 8076



LEE-ANNE SHORTRIDGE, CSR, CRR  
CERTIFICATE NUMBER 9595

DATED: MARCH 19, 2022